



Mary Taylor, CPA
Auditor of State

CITY OF CONNEAUT
ASHTABULA COUNTY

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CITY OF CONNEAUT
ASHTABULA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Revenues	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Passed Through Ohio Department of Developmen</i>				
Community Development Block Grants - State's Program				
Community Housing Improvement Prograr	A-C-04-107-1	14.228	\$34,204	\$35,251
Formula Allocation Program	A-F-04-107-1	14.228	86,920	86,920
Formula Allocation Program	A-F-05-107-1	14.228	80,000	79,500
Water and Sanitary Sewer Competitive Grant Progra	A-W-04-107-1	14.228	5,190	2,135
Sub-Total Community Development Block Grants			206,314	203,806
Home Investment Partnership Prograr	A-C-04-107-2	14.239	161,840	275,578
Total U.S. Department of Housing and Urban Developmen			368,154	479,384
<u>U.S. DEPARTMENT OF HOMELAND SECURITY/</u>				
<i>Federal Emergency Management Agency Direct Funding.</i>				
Homeland Security Grant Program	HSFEEM-05-P-5034	97.067	25,319	25,319
Total Federal Assistance			\$393,473	\$504,703

The accompanying notes to this schedule are an integral part of this schedul

**CITY OF CONNEAUT
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2006, the gross amount of loans outstanding under this program was \$247,051. Delinquent amounts due are \$167,501.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Conneaut
Ashtabula County
294 Main Street
Conneaut, Ohio 44030

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we reported to the City's management in a separate letter dated June 25, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, City Council and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 25, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Conneaut
Ashtabula County
294 Main Ave
Conneaut, Ohio 44030

To Members of Council:

Compliance

We have audited the compliance of City of Conneaut (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Conneaut complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Government's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 25, 2007.

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Conneaut as of and for the year ended December 31, 2006, and have issued our report thereon dated June 25, 2007. Our audit was performed to form an opinion on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, members of Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 25, 2007

**CITY OF CONNEAUT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CDBG –Chip Home 14.239
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF CONNEAUT, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006

ISSUED BY THE DEPARTMENT OF FINANCE

John Williams, J.D., CPA,

FINANCE DIRECTOR

City of Conneaut, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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CITY OF CONNEAUT
FINANCE DEPARTMENT
294 MAIN STREET, CONNEAUT, OHIO 44030

John Williams, J.D., CPA
Finance Director

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EMAIL: connfinance@suite224.net

June 25, 2007

Citizens of Conneaut
City Manager, Douglas L. Lewis
and Honorable Members of City Council
Conneaut, Ohio

It is my privilege to present to you the City of Conneaut's (the City) Comprehensive Annual Financial Report (CAFR). This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Ohio State Auditor's Office has issued an unqualified ("clean") opinion of the City of Conneaut's financial statements for the year ended December 31, 2006. The State Auditor's report is located at the front of this financial report.

Management's discussion and analysis (MD&A) immediately follows the State Auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Government

The City of Conneaut, Ohio, is located in the most northeastern section of Ohio, along the Lake Erie shore, with a population of 12,485 and has 27 square miles within the City limits. The City was incorporated as a borough in 1832, and eventually achieved City status in 1902.

The City is well served by diversified transportation facilities, with two State highways, Routes 7 and 531, U.S. Route 20 and interstate highway I-90. It has three major railroads: CSX, Norfolk and Southern and the Bessemer-Lake Erie. Norfolk and Southern has a large rail yard located in the center of the City, while the Bessemer-Lake Erie has two rail yard facilities located in the Port of Conneaut. The Port is the largest along the southern shore of Lake Erie, both in area and shipping tonnage.

Within 30 miles, there are several public and private colleges and universities providing a wide range of educational facilities and opportunities. These include Kent State University-Ashtabula Branch, Gannon University, Edinboro University, Penn State University-Behrend Branch and Mercyhurst College. The City also has a local hospital, University Hospitals Health System – Conneaut Medical Center, which is a state of the art medical facility.

The City operated under the statutory Mayor-Council form of government until the electors of the City passed the City Charter with a Council-Manager form of government. Members of the Conneaut Charter Commission were elected at the general election held November 7, 1989 to frame and submit a Charter to the electors of the City. In the general election held Tuesday, November 6, 1990, the electors of the City of Conneaut approved the proposed charter and the City's first City Manager began serving in February of 1992. Beginning in January, 1997, and at least every seven years thereafter, City Council must appoint a Committee to review the Charter and propose any amendments as the Committee deems advisable. Amendments shall be submitted to the electorate at the next November general election. The last major amendments occurred in November 2004, which established staggered four year terms for City Council and eliminated the Department of Public Safety, with the City Manager assuming charge of all programs related to public safety, including the divisions of Police and Fire. The City has all powers of a local self-government and home rule subject to certain general laws applicable to all Ohio cities.

Legislative authority is vested in a seven-member Council, with an elected President of Council, two at large, and one from each of the City's four wards. Previously, all seven members of Council were elected every two years, but after the last Charter amendment each council member is now elected to four year staggered terms. Starting in November, 2005, the President of Council and the two at large positions were elected to four year terms and beginning in November, 2007, each of the ward council positions will be elected to four year terms.

The Council has the authority to appoint the City Manager, establish, combine, or separate administrative departments, adopt the budget of the City, issue debt, adopt and amend zoning, building, and sanitary regulations, fix the compensation of all City officials employees, including that of its own members, and has various other municipal powers.

The City Charter vests administrative authority in the City Manager, who is the chief administrative official. There are three named departments: the Department of Finance, the Department of Law and the Department of Public Service. All other departments, including police, fire, water, wastewater, ambulance, public works, housing/zoning and recreation are created by City Council. The City Manager appoints the directors of all City departments, including the Directors of Finance, Law and Service, as well as the Chiefs of Police and Fire. Additionally, most boards and commissions are also appointed by the City Manager, although some boards require council approval.

The City provides basic services to its residents including water, sewer, police and fire protection, ambulance, planning, housing-zoning, street maintenance and repair and general administrative services.

The City Council adopts an annual appropriation measure by December 31 of each year. This annual budget serves as the foundation for the City of Conneaut's financial planning and control. The budget is prepared by fund department and object. Transfers between appropriation line items require approval by Council.

Local Economy

The City of Conneaut's goals are to aggressively pursue economic growth, promote business retention, assist with business expansion and create a pro-business environment. To help accomplish these goals, the City's economic development committee holds monthly meetings to discuss strategy and monitor the implementation of objectives. The committee is comprised of the City Manager, council members, and business leaders. The City continues to remain the focal point for new and existing businesses to obtain assistance with and information about some of the programs available through the City, including the community reinvestment areas, enterprise zones, downtown revitalization, economic development funding and the new industrial park. A partnership has been developed between the City's economic development committee and the Conneaut Area Chamber of Commerce to combine resources in an effort to facilitate business progress.

A City-wide Community Reinvestment Area (CRA) has been established. The CRA provides a tax reduction on the increase in taxable value of a property for new construction and renovation of existing structures. The City offers up to 100 percent real estate tax abatement for fifteen years for new commercial or industrial facilities and

up to 100 percent real estate tax abatement for twelve years for the renovation of an existing commercial or industrial facility. An agreement has been established between the Conneaut Area City Schools and the City that outlines revenue sharing on projects over \$500,000. An ambitious project undertaken by developers, utilizing the tax reductions provided by the CRA, is renovating the historic Cleveland Hotel to construct approximately twenty-nine condominiums and a variety of retail shops, accounting for a \$2,400,000 investment in the City's downtown district. The recently enacted CRA was a crucial factor in making this project a reality, providing a 100 percent real estate tax abatement for twelve years. This project is helping to revitalize the downtown area.

Several of the City's major employers continued to expand. Continental Structural Plastics, a manufacturer of fiberglass reinforced plastic for the automotive industry, secured new contracts, which has allowed them to expand. CW Ohio, a manufacturer of decorative windows, louvers, cupolas and housing columns completed its expansion within the City by rehabilitating an 80,000 square foot building and is currently utilizing it as a new extrusion facility. One of the City's largest service employers, University Hospitals Health System – Conneaut Medical Center, continued its expansion by investing \$1.5 million dollars in equipment and building renovations, including a Nuclear Imaging Camera.

Development of the I-90 interchange and State Route 7 has been a top priority. Until this year, there was a limited highway access restriction along Route 7 that hindered development of the area. However, the City Manager, working with the Ohio Department of Transportation, was able to remove the limited access, opening up new development opportunities. Studies have been performed to determine traffic counts, as well as the topography of the land to determine areas suitable for development. At least one developer is committed to a variety of commercial enterprises at the interchange, with the expectation that more development will follow.

Tourism is a vital component of the City's economy. Conneaut has many tourist attractions including Conneaut Creek, which has been declared a "Wild and Scenic River" and is the number one ranked trout stream in the USA. It has a premier marina with multiple boat launching ramps, four covered bridges, some of the best local wineries, seven miles of shoreline with some of the best perch and walleye fishing in Lake Erie, a historical railroad museum and a sixty-acre lake shore park with an expansive one-half mile long public beach. In order to provide more diversity and expand the scope of duties, the Board of Tourism was expanded from three members to seven.

The Board of Tourism and Conneaut Chamber of Commerce continue to promote the City's tourism industry, and with each passing year, more tourists are visiting the City of Conneaut, which helps support the local economy.

Despite the continuation of the freeze in local government funds and the phasing out of personal property tax, the City had a relatively good year financially. With an increase in income tax collections of 7.84 percent, a general fund unencumbered carryover of \$783,991, construction permits issued with a valuation of \$4,786,353, of which twenty were new housing starts with a valuation of \$3,220,168, we remain cautiously optimistic that this trend will continue into the next year.

Long-Term Financial Planning

Although no formal policy exists, City Council and the City Manager advocate sound financial practices to help ensure that adequate undesignated fund balances are maintained in all of the operating funds. With an undesignated fund balance of 18.88 percent of total general fund revenues, the City has the financial ability to address most contingencies without the issuance of debt or major cutbacks. As part of Council's long term goals and objectives, revenue enhancement and economic development are paramount, with particular emphasis on growing the City's tax base to help maintain financial stability. The City also plans to conduct a five-year water and sewer rate study so that rates are sufficient to meet future operational and capital needs.

One of City Council's major goals has been to implement a rental inspection program. Currently, the planning and zoning department inspects properties, but it is based upon a complaint driven system and often is a reactive approach to housing problems. In order to fully implement a more pro-active inspection program, as envisioned

by Council, it will require a full-time inspector, a part-time secretary, a new vehicle, as well as new computer equipment, software and other office equipment. The initial investment to start the program, as well as long term funding, is not possible with existing revenue sources. Therefore, Council and management have proposed to enact an annual inspection fee to ensure that the inspection program is completely self-supporting.

Another goal is to replace all existing water meters within the City, both commercial and residential, with radio reads. The full implementation of this program will cost approximately \$1 million. The initial cost of the project will need to be financed, at least partially, with some note or bonded debt. A restructuring of water fees, along with projected increases in revenue from more accurate meters, are projected to generate more than enough revenue to service the debt.

Relevant Financial Policies

The City's largest revenue source is the income tax. Beginning January 1, 2006 the income tax was increased .15 percent, from 1.65 percent to 1.80 percent. At 1.80 percent the City's income tax generated \$3.134 million in 2006 and was allocated as follows: General Fund: 62.48 percent, Street Construction, Maintenance and Repair Fund: 26.02 percent, Street Improvement Fund: 8.33 percent, Capital Improvement Fund: 1.44 percent, Street Lighting Fund: .94 percent, and Recreation Fund: .79 percent.

The general fund supports fire, police, municipal court, and administrative offices; the street department supports various public works projects, including paving and road maintenance; the reserve fund supports building operations at City Hall and also provides funds for unanticipated expenses; the capital improvement fund supports infrastructure and the acquisition of capital assets; the street lighting fund supports the downtown lighting and traffic lights, and the recreation fund supports parks, playgrounds, and recreational activities.

Within the City's inside 10 mill limitation, the City levies 3.63 mills. The general fund receives 2.19 mills or \$398,000, the police pension fund receives 1.00 mill or \$182,000 and the fire pension fund receives .44 mills or \$80,000. Millage allocations are reviewed by the Finance Department and City Council before the annual tax budget is prepared.

Requirements for the development of the City's tax and annual budget, appropriations and other financial regulations are followed as established by the Ohio Revised Code and the City Charter. Under the direction of the City Manager, the Finance Director has charge of the administration of financial affairs of the City and acts as both the auditor and treasurer of the City. As part of the budgetary controls established in the City Charter, the Finance Director is responsible for the maintenance of a general accounting system; the exercise of budgetary control over each office; the disbursement of all monies and control of all expenditures so that appropriation and cash resources are not exceeded; and the certification of all appropriations.

Further budgetary control is maintained by the encumbrance of purchase order requests. Purchase order requisitions for the expenditure of monies need approval by the department head, which are then forwarded to the City Manager for approval. Once the City Manager has approved the purchase order request, it is then forwarded to the finance department for preparation of a purchase order and certification and returned to the respective departments. The purchase orders are then signed by each department and returned to the finance department to be audited for accuracy and completeness and finally processed for payment. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Any changes to an existing purchase for more than fifty dollars, requires approval by the City Manager, if additional appropriations are available. Prior year encumbrances outstanding at the end of the year are carried over to the next year after a thorough review by the Finance Director. Unencumbered appropriations lapse at the end of each year. Only City Council has the authority to transfer appropriations between line items within a department. Any increase or decrease in an appropriation line must be approved by Council in ordinance form. All City departments, the City Manger and City Council are provided with at least monthly reports which indicate current appropriations, year to date expenditures, outstanding encumbrances and unexpended and unencumbered balances. Monthly revenue reports are provided to the City Council and City Manager.

The City Manager is required to submit to Council a tax budget of estimated revenues and expenditures for all funds of the City for the next succeeding year by the first Council meeting in July. The legislative body is required to adopt the budget by July 15 and to submit it to the County Budget Commission by July 20 of each year. Council is required to adopt an annual appropriation measure on or about the first day of each year. The legal level of control has been established by Council at the object level within each department.

Major Initiatives

For the Year In 2006, the City of Conneaut embarked on a variety of projects and worked on implementing City Council's goals and objectives. While much emphasis was placed on improving and maintaining the City's street, water and sewer infrastructure, plans were created to help enhance tourism and promote economic development.

Lakefront development is a high priority for the City of Conneaut and the Port Authority. Preliminary plans were created to establish a joint venture between the City and the Port Authority whereby the City would provide the necessary water and sewer infrastructure to a section of the lakefront, which would enable the Port to construct rental cabins. The lakefront is one of the City's primary tourist destinations. By providing rental cabins near the water's edge, the goal is to attract more tourists to our community, thus generating more revenue for the local economy.

The City was awarded another Community Housing Improvement Grant for \$500,000. Funds from the Community Development Block Grant, Home Grant and the City's Community Housing Fund will be used to purchase and rehabilitate homes within the City for qualified applicants. The program is of great benefit to our lower income citizens and it improves the City's housing stock.

As mentioned earlier, a study is underway to determine the feasibility of replacing all of the water meters, both commercial and residential, within the City. This would be an extensive and costly project, but with so many old meters currently in operation, the anticipated increase in revenue generated through more accurate readings would pay for the upgrade. As part of this proposed project, new radio read water meters would be installed throughout the water system. Radio read meters will save a tremendous amount of time and money by permitting one person to obtain water meter readings for the entire City in less than one day, which currently takes two meter readers, with two vehicles, an entire month to complete. Total cost of implementation is estimated to be \$1,000,000.

Several large equipment purchases were made in 2006. The City's Public Works department acquired a new tandem axle dump truck to help with road paving and snow plowing and the Conneaut Police department updated the existing fleet by purchasing four new police cruisers and one new detective car at a total cost of \$223,202.

City Council and the City Manager continue to pursue economic growth by developing the City's industrial park. At a projected cost of \$1,060,000 to develop the first phase of the project, the City plans to develop 110 acres by investing extensively in water, sewer and roadways. Various funding sources are being used to develop the industrial park, including grants, loans and local revenues. Engineering and design of the park is in the preliminary stages, but construction is facing a potential delay due to the identification of wetlands within the park. Although the wetlands issue is delaying the development of the industrial park, the City is working with the Corps of Engineers to either mitigate the wetlands or construct a concrete culvert to bypass the wetlands. Once the industrial park has the necessary infrastructure, the price for acreage in the industrial park will be negotiated with each prospective buyer and price will vary depending upon the amount of investment and the number of jobs projected.

This year the City substantially completed the construction of a 600,000 gallon sludge holding tank at the Wastewater facility, a new generator, force main, pumps and sewer lift station improvements, as well as upgrades to three sludge digesters. To improve plant capacity, help overall operations, and remain in compliance with Environmental Protection Agency regulations, a major improvement project was initiated at the Wastewater facility in 2004. Total project cost is estimated at \$3,800,000. Since its inception, the City has received over

\$3.2 million in loan funding through the Ohio Water Development Authority at a 3.25 percent interest rate for a twenty-year term and a \$500,000 CDBG grant for the remainder. Although the interest expense on the loan will approach \$1,000,000 over the life of the loan, the City worked with the Ohio Department of Natural Resources to utilize a program whereby the interest paid on the loan would come back to the community to help preserve critical water habitat by purchasing property and easements along Conneaut Creek. Options have been executed with fourteen property owners, accounting for the purchase of 150 acres and the acquisition of 246 acres for conservation easements. This will help ensure that Conneaut Creek retains its wild and scenic river designation.

The City's wastewater department continues to utilize the sewer camera truck to inspect sanitary and storm sewers throughout the City. With the help of the sewer camera truck, the City identified and repaired twenty-five sewer pipe cave-ins and ten storm sewer cave-ins, and lined 3,151 feet of existing sewer, at a cost of nearly \$200,000. With the sewer camera, the City now takes a pro-active approach to the problem by identifying problem areas before a total sewer collapse. Information obtained through the use of the sewer camera also allows the City to be more cost efficient by permitting work crews to accurately evaluate the condition of pipe and determine the estimated remaining useful life of the infrastructure, or decide whether it needs to be lined or replaced. It allows for better planning by giving the sewer and public works departments the ability to rank sections of pipe according to severity of deterioration, which provides the City ample time to obtain and allocate funding towards future repairs and capital projects.

Progress continues with the Parrish road rail grade separation project, with a projected completion date of October 2007. The City has two railroad underpasses in the center of the City. With two major rail lines running through the middle of the City, the west side of the City has experienced impeded traffic flow from train traffic. The rail grade overpass will provide our citizens unimpeded access to the west side of the City. With a very large nursing home facility, an assisted living facility and a hospital located on the west side, all within a one half mile of the rail crossings, it is critical that ambulance, fire, and police have quick response times, thus helping make our community safer. Total project cost is estimated to exceed \$11,000,000, with the City's contribution being five percent of the total or \$580,000.

In 2006, the City's Public Works department, utilizing funds from the street improvement tax and other revenue sources, was able to pave four local roads, accounting for nine lane miles and one mile of new curbing, at a cost of over \$450,000. The voters passed an income tax increase of 0.15 percent in May 2005 to help fund an aggressive street paving program. The increase will be in effect for seven years and is projected to generate over two million dollars over the life of the tax, which took effect January 1, 2006. This tax is designated for local streets only, and will be used exclusively for the construction of roads, resurfacing and street maintenance. It is estimated that the seven year income tax increase will be enough to pave at least half of the roads in the City of Conneaut. At the end of the seven year period, the voters will be asked to pass the levy again to complete the remaining roads. The City street department will be responsible for all road paving, which will save the taxpayers a substantial amount of money.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Conneaut for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005. This was the first year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

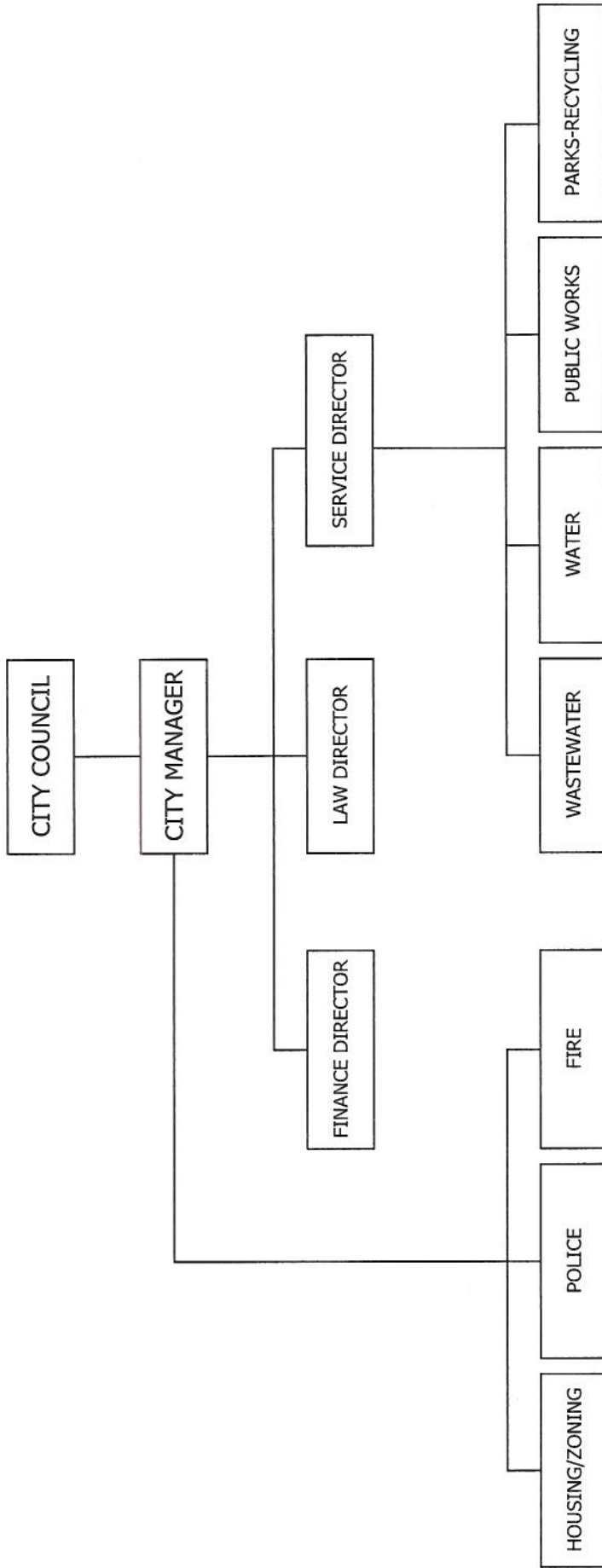
The successful preparation of the Comprehensive Annual Financial Report required the contribution and dedication of the Finance Department. Sincere appreciation is extended to City Council and City Manager Douglas L. Lewis for their commitment to sound financial reporting. Gratitude is also expressed to all City Hall Department Heads for their support. To the Local Government Services Section of the Office of the Auditor of State, a special acknowledgment is extended for their support and guidance in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "John P. Williams".

John Williams, J.D., CPA
Finance Director

CITY ORGANIZATIONAL CHART - ESTABLISHED BY CITY CHARTER



CITY OF CONNEAUT
ELECTED AND APPOINTED CITY OFFICIALS

CITY COUNCIL

James Jones, President

Jacob Chicatelli, At Large

Chris Castrilla, At Large

Vince Vendetti, Ward 1

Joan Norton, Ward 2

Greg Mooney, Ward 3

Anthony Julio, Ward 4

CITY MANAGER

Douglas L. Lewis

APPOINTED OFFICIALS

John Williams, Director of Finance

Lori Lamer, Director of Law

Jon Arcaro, Chief of Police

Bim Orrenmaa, Chief of Fire

Harry Runnion, Water Superintendent

Craig Pierce, Wastewater Superintendent

John Roach, Public Works Director

William Johnston, Housing/Zoning Inspector

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Conneaut
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Conneaut
Ashtabula County
294 Main Street
Conneaut, Ohio 44030

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Conneaut, Ashtabula County, Ohio (the City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Conneaut, Ashtabula County, as of December 31, 2006, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General fund and the Street, Construction, Maintenance and Repair fund thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor CPA
Auditor of State

June 25, 2007

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The management's discussion and analysis for the City of Conneaut's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2006. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes.

Financial Highlights

Financial highlights for 2006 are as follows:

- Total liabilities of the City decreased \$250,830 or 1.72 percent from 2005 due in large part to a decrease in accounts and contracts payable .
- Total program revenues decreased by \$5,296,574 or 48.30 percent primarily due to a decrease in capital grants, while general revenues increased by \$780,631 or 13.99 percent due to increases in taxes and investment earnings.
- Total equity in pooled cash and cash equivalents in governmental activities increased by \$106,694 or 4.13 percent from 2005, but decreased in the business activities by \$284,510 or 37.77 percent.
- Total long-term obligations in governmental activities declined by \$147,866 primarily due to a reduction in general obligation debt, while long term debt increased in business activities by \$384,184 primarily due to the acquisition of new OWDA loan debt for the sewer improvement project.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of Conneaut as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City operations, as they prefer.

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2006 and how they affected the operations of the City as a whole.

Reporting the City of Conneaut as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. These transactions are booked when they occur and not when the actual cash is received for revenues or when invoices are paid for expenses.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

These two statements report the City's net assets and changes in those assets. The change in net assets is important since it is an indication of whether the financial position of the City is improving or declining. However, to properly evaluate the operation of the City, certain non-cash items should be taken into consideration. These items would include the current economic situation as a whole, the current tax base for the City and the age and condition of the City buildings and infrastructure.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two major activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health services, leisure time activities, basic utility services, community development and transportation.
- **Business-Type Activities** - These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's business-type activities are water and sewer.

Reporting on the Most Significant Funds of the City of Conneaut

Fund Financial Statements

The analysis of the City's major funds begins on page 8. The fund financial reports give a detailed report of the activities within the funds. The City currently has thirty-seven funds. These funds are in existence to provide a multitude of services to the citizens of Conneaut. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

In this report, the focus is on six major funds, the general fund, the street construction, maintenance and repair special revenue fund, the general obligation bond retirement fund, the special assessment bond retirement fund, the water enterprise fund and the sewer enterprise fund.

Governmental Funds All of the City's major activities (excluding the water and sewer funds) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as the improving and maintaining the City's streets, parks, cemeteries, and City Hall. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the government funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds are private-purpose trust and agency.

The City of Conneaut as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2006 as they compare to 2005.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$8,397,466	\$8,460,538	\$1,143,624	\$1,380,748	\$9,541,090	\$9,841,286
Capital Assets, Net	18,747,003	19,182,653	17,461,472	16,674,670	36,208,475	35,857,323
<i>Total Assets</i>	<u>27,144,469</u>	<u>27,643,191</u>	<u>18,605,096</u>	<u>18,055,418</u>	<u>45,749,565</u>	<u>45,698,609</u>
Liabilities						
Current and Other Liabilities	1,998,462	2,219,113	693,999	924,496	2,692,461	3,143,609
Long-Term Liabilities:						
Due Within One Year	593,268	516,096	686,413	481,267	1,279,681	997,363
Due in More than One Year	3,956,684	4,181,722	6,425,618	6,282,580	10,382,302	10,464,302
<i>Total Liabilities</i>	<u>6,548,414</u>	<u>6,916,931</u>	<u>7,806,030</u>	<u>7,688,343</u>	<u>14,354,444</u>	<u>14,605,274</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	17,359,101	17,803,818	10,515,764	10,235,723	27,874,865	28,039,541
Restricted:						
Capital Projects	300,157	153,012	0	0	300,157	153,012
Debt Service	924,154	1,064,561	0	0	924,154	1,064,561
Street Construction,						
Maintenance and Repair	355,363	499,673	0	0	355,363	499,673
Community Housing	153,734	163,939	0	0	153,734	163,939
Economic Development	494,102	483,025	0	0	494,102	483,025
Ambulance Services	348,878	313,409	0	0	348,878	313,409
Other Purposes	456,124	352,894	0	0	456,124	352,894
Unrestricted (Deficit)	204,442	(108,071)	283,302	326,986	487,744	218,915
<i>Total Net Assets</i>	<u>\$20,596,055</u>	<u>\$20,726,260</u>	<u>\$10,799,066</u>	<u>\$10,562,709</u>	<u>\$31,395,121</u>	<u>\$31,288,969</u>

Total net assets of the City, including both governmental and business-type activities, are \$31,395,121, which is an increase of \$106,152 from last year. 88.79 percent of the City's net assets are investments in capital assets, such as machinery and equipment, buildings, improvements, infrastructure, and vehicles, less any debt issued to purchase or construct these assets. Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources. Net assets restricted for debt service for the City decreased by \$140,407 during 2006. This decrease was the result of the general obligation bond retirement fund collecting less property tax revenues for 2006. In the business-type activities, user fees are the primary revenue source for the repayment of debt.

Net assets in the governmental activities decreased by \$130,205 and total assets decreased by \$498,722 or 1.80 percent. The most significant decreases occurred in capital assets, property tax receivable, and special assessments receivable. The decrease in net capital assets was due primarily to depreciation exceeding new asset acquisitions. A decrease in governmental liabilities of \$368,517 was due primarily to a reduction in outstanding debt, contracts payable, and deferred revenue in 2006.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Business activities experienced a \$236,357 increase in net assets, mainly due to an increase in capital asset infrastructure, and construction in progress. Most of the increase in total liabilities was due to the accumulation of additional OWDA debt for Wastewater plant upgrades and accrued interest payable. Current liabilities, mainly accounts and contracts payable, decreased by \$230,497 or 24.93 percent.

Further details of the changes in net assets can be observed in Table 2 that presents changes in net assets by way of the results of activities in 2006 compared to 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$780,838	\$760,226	\$3,664,634	\$3,649,884	\$4,445,472	\$4,410,110
Operating Grants and Contributions	992,035	1,164,043	0	0	992,035	1,164,043
Capital Grants and Assessments	190,740	4,887,016	40,690	504,342	231,430	5,391,358
Total Program Revenues	1,963,613	6,811,285	3,705,324	4,154,226	5,668,937	10,965,511
General Revenues						
Property Taxes	1,457,694	1,370,290	0	0	1,457,694	1,370,290
Municipal Income Taxes	3,220,457	2,986,231	0	0	3,220,457	2,986,231
Grants and Entitlements not Restricted to Specific Programs	1,196,117	1,045,596	0	0	1,196,117	1,045,596
Investment Earnings	147,560	73,016	0	0	147,560	73,016
Gain on Sale of Capital Assets	0	3,593	0	0	0	3,593
Miscellaneous	293,427	94,344	44,565	6,119	337,992	100,463
Total General Revenues	6,315,255	5,573,070	44,565	6,119	6,359,820	5,579,189
Total Revenues	8,278,868	12,384,355	3,749,889	4,160,345	12,028,757	16,544,700
Program Expenses						
General Government	1,406,409	1,183,087	0	0	1,406,409	1,183,087
Security of Persons and Property	3,387,785	3,299,875	0	0	3,387,785	3,299,875
Public Health Services	374,896	355,171	0	0	374,896	355,171
Leisure Time Activities	94,657	94,950	0	0	94,657	94,950
Community Development	467,034	411,062	0	0	467,034	411,062
Basic Utility Services	32,500	32,500	0	0	32,500	32,500
Transportation	2,449,845	2,232,242	0	0	2,449,845	2,232,242
Interest and Fiscal Charges	195,947	191,188	0	0	195,947	191,188
Water	0	0	1,711,495	1,743,464	1,711,495	1,743,464
Sewer	0	0	1,802,037	1,623,308	1,802,037	1,623,308
Total Program Expenses	8,409,073	7,800,075	3,513,532	3,366,772	11,922,605	11,166,847
Increase (Decrease) in Net Assets	(130,205)	4,584,280	236,357	793,573	106,152	5,377,853
Net Assets Beginning of Year - Restated (See Note 3)	20,726,260	16,141,980	10,562,709	9,769,136	31,288,969	25,911,116
Net Assets End of Year	\$20,596,055	\$20,726,260	\$10,799,066	\$10,562,709	\$31,395,121	\$31,288,969

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. Beginning January 1, 2006 the City's income tax rate is 1.80 percent, up from 1.65 percent in 2005. The tax generated \$3,220,457 in revenue for 2006, accounting for approximately 38.90 percent of governmental activities revenue. The revenue collected from the income tax was receipted into the following funds: 62.48 percent went to the general fund, 26.02 percent to the street construction maintenance and repair fund, 8.33 percent to the street improvement capital projects fund, 1.44 percent to the capital improvement capital projects fund, .94 percent to the street lighting fund, and 0.79 percent to the recreation fund.

Income tax collections for 2006 were 7.84 percent higher than 2005. This increase was primarily due to the .15 percent increase in the City's income tax rate, which will be used exclusively for the paving of local streets. The City is becoming much more aggressive in the pursuit of delinquent income taxpayers. A private collection agency is now being utilized to assist in the collection of delinquent funds due the City, with revenue from these collections averaging over \$3,000 per month.

Unrestricted State shared revenues or local government funds for 2006 were \$1,196,117 and represent about 14.45 percent of governmental activities revenue. Local government funding has remained stagnant for the past five years. In prior years, the City could rely on annual increases of around 3 percent. However, due to a decline in the economy, State sales, income, and other taxes have decreased, which has negatively impacted our share of local government funds. The freeze on local government revenues will continue into 2007, but starting January 1, 2008 changes in the sources and method of funding will be broadened to provide more stability to this critical funding source, with possible increases in funding. Local government funds are receipted into the City's general fund, accounting for 25.19 percent of the revenue. These funds are used to help pay for police, fire, administrative, and a wide variety of other programs and departments.

40.29 percent or \$3,387,785 of governmental activities expenses are allocated to the police and fire departments. The police department employs twenty officers, four full-time dispatchers, one full-time administrative assistant, and several part-time employees. The fire department has twelve full-time positions and numerous part-time personnel. There are three fire stations within the City, one staffed by the full-time firefighters, while the other two stations are staffed by part-time or volunteer personnel.

The City's Public Works Department (transportation) accounted for 29.13 percent of the expenses in the governmental activities or \$2,449,845. The street department has nineteen employees, including three mechanics, thirteen equipment operators, two managers, and one full-time administrative assistant. The public works department is responsible for maintaining 550 lane miles of roads, including the paving of local streets, as well as snow plowing, storm sewer and ditch maintenance, tree trimming/removal, park maintenance, litter pick up, recycling programs and various other duties.

Business-Type Activities

The City operates two business-type activities: the water and sewer treatment facilities. The water and sewer plants had operating revenues of \$1,789,744 and \$1,919,455 respectively, while operating expenses were \$1,652,917 and \$1,587,291, respectively. In 2006, the water plant provided water to approximately 4,880 customers. Approximately fifty-one million gallons of water and seventy four million gallons of wastewater are processed each month.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$8,347,642 and expenditures of \$8,336,766. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues. The general fund had revenues of \$4,152,375, expenditures of \$3,920,915 and net other financing sources (uses) of (\$2,997), which resulted in a net change in fund balance of \$228,463.

The street construction, maintenance and repair fund had revenues of \$1,447,867 expenditures of \$1,570,769 and net other financing sources (uses) of \$116,514 which resulted in a net change in fund balance of (\$6,388) during 2006. The general obligation and the special assessment bond retirement funds account for tax and assessment collections and are used to pay down the City's outstanding obligations. During 2006, the general obligation bond retirement fund balance increased \$20,413 and the special assessment bond retirement fund balances decreased \$33,327.

Information about the proprietary funds starts on page 22. These funds are accounted for on an accrual basis. All business type funds had operating revenues of \$3,709,199 which exceeded operating expenses of \$3,240,208 by \$468,991 or 12.64 percent of operating revenues. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2006, estimated revenues were \$3,974,155 where as actual revenues received were \$4,121,658 which is \$147,503 higher than estimated revenues. A large part of the difference was made from increased property tax collections, as well as investment income and intergovernmental revenues. Additionally, members of council passed final appropriations of \$4,545,251. Actual expenditures were \$4,192,789 which is \$382,462 lower than final appropriations. This difference is made from the City becoming more conservative in spending due to the current economic conditions that entities are facing State-wide.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Capital Assets and Debt Administration

Capital Assets

(Table 3)
 Capital Assets at December 31,
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$586,348	\$581,548	\$12,860	\$12,860	\$599,208	\$594,408
Construction in Progress	0	0	3,990,350	3,317,577	3,990,350	3,317,577
Buildings and Improvements	546,786	583,207	79,659	65,510	626,445	648,717
Equipment	546,922	581,888	1,884,974	1,894,939	2,431,896	2,476,827
Vehicles	285,951	199,888	304,771	330,138	590,722	530,026
Furniture and Fixtures	4,437	5,763	0	0	4,437	5,763
Infrastructure						
Traffic Signals	58,692	60,550	0	0	58,692	60,550
Roads	16,126,862	16,556,983	0	0	16,126,862	16,556,983
Storm Sewers	591,005	612,826	0	0	591,005	612,826
Water and Sewer Lines	0	0	11,188,858	11,249,280	11,188,858	11,249,280
Total	\$18,747,003	\$19,182,653	\$17,461,472	\$16,870,304	\$36,208,475	\$36,052,957

Total capital assets (net of depreciation) for the governmental activities were \$18,747,003 which was a \$435,650 decrease from the prior year. The decrease was due to depreciation exceeding the acquisition of new assets.

Total capital assets (net of depreciation) for the business activities were \$17,461,472 which was an increase of \$591,168. This was due primarily to the increase in construction in progress for the wastewater facility and investment in sewer lining of old pipes. The near completion of the \$3.8 million dollar wastewater improvement project will result in a 600,000-gallon sludge holding tank and 3 new sludge digesters, which will greatly improve the sludge holding capacity at the sewer facility. For more information about the City's capital assets, see Note 8 to the basic financial statements.

Long-term Obligations

The City had \$11,661,983 in outstanding obligations, which is \$200,318 more than last year. These obligations are comprised of general obligation bonds, OPWC and OWDA loans, notes payable, capital leases and compensated absences.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 4)
 Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$1,760,000	\$1,965,000	\$811,387	\$881,510	\$2,571,387	\$2,846,510
OWDA Loans	1,332,998	1,435,168	5,402,913	5,030,125	6,735,911	6,465,293
OPWC Loans	29,254	30,835	464,225	504,456	493,479	535,291
Notes Payable	467,000	557,500	20,000	20,000	487,000	577,500
Capital Leases	201,148	0	68,570	0	269,718	0
Compensated Absences	759,552	709,315	344,936	327,756	1,104,488	1,037,071
Total	\$4,549,952	\$4,697,818	\$7,112,031	\$6,763,847	\$11,661,983	\$11,461,665

The three general obligation bonds outstanding at the end of the year were the City Hall Annex at \$500,000, the Library at \$1,260,000, and the Water Phase III Improvement at \$811,387 (\$1,387 is outstanding premium). All of the interest and principal on these general obligation bonds are paid from real estate taxes, except for the Water III bond, which is paid from water user fees.

Special assessment loans consist of various sewer projects. The debt service on these loans is paid from real estate tax assessments on those property owners who benefited from the improvements.

There are six OPWC and eleven OWDA loans, all of which are being funded by special assessments and water and sewer user fees. Total principal outstanding on these loans is \$7,229,390.

The City entered into a capitalized lease obligation for six new vehicles; four Ford Crown Victorias, an International Dump Truck and a Sewer Camera Truck during 2006. The minimum lease payments required under the capital lease are being paid from the general fund, street construction, maintenance and repair special revenue fund, and the sewer enterprise fund. Total principal outstanding at December 31, 2006 was \$269,718.

Compensated absences as of December 31, 2006 were \$1,104,488 up by \$67,417 from the prior year. This was due to a variety of factors including less vacation and sick time usage and a 6 percent increase in the termination percentage in the business type funds. For more information about the City's long-term obligations, see Note 11 to the basic financial statements.

Current Financial Issues

In 2006, health insurance rates rose about 8.5 percent over the prior year, and funding it will continue to be a financial challenge, as the rate at which medical coverage continues to grow is faster than both the rate of inflation and the City's revenue growth. Although this increase was considered modest in comparison with other communities and nationwide averages, it is cause for concern. The cost of this plan for the City's 106 full-time employees is around \$1,000,000 per year. During union negotiations, the City Manager proposed that every employee of the City pay 5 percent of the health insurance premium to help offset the increased cost to the City.

All five of the City's unions started negotiations for three-year contracts, which will become effective on January 1, 2007 and expire on December 31, 2009. Proposed wage rate increases were 2.5 percent in 2007, 3 percent in 2008, and 3.5 percent in 2009. Estimated annual cost, with benefits, of the proposed increase from

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

the 2006 base year is \$145,000 in 2007, \$178,000 in 2008, and \$214,000 in 2009. The City's ability to fund these increases without layoffs will depend upon the strength of our local economic tax base.

Workers' compensation premiums paid in 2006, which were based on 2005 rates, increased by 32.11 percent. Rates for all employees, except for part-time and volunteer emergency personnel, increased from 1.9033 percent to 2.5146 percent. Part-time and volunteer emergency personnel nominal rates increased from 13.3728 percent to 19.3168 percent or a 44.45 percent increase. Total cost for workers' compensation premiums increased from \$86,852 paid in 2005 to \$116,619 in 2006. In addition, the City belongs to the Ohio Rural Water Association's pooled workers' compensation group program. This program allows the City to realize savings in the workers compensation premium. However, due to the City's large increase in the individual rating in comparison to the group rating, the City had realized significantly more savings from the group program. As a result, the City had to contribute back to the pool approximately \$61,500, with net savings to the City of \$31,600. Therefore, total cost to the City for workers' compensation was \$178,119. Funding of workers' compensation continues to strain the City's budget.

The City's receives approximately \$177,000 per year in personal property tax and has an assessed valuation for personal property of about \$15 million. House Bill 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads beginning in 2006. For the first five years of the phase out the City will be fully reimbursed for the lost revenue, however, from years 2011-2017 the City will receive a declining percentage reimbursement from the 2005 base year. After 2017, the phase out will be complete. In preparing for this phase out of personal property tax, the City must begin to find other revenue sources to replace this critical funding source.

With the recent purchase of a sewer camera truck, City crews have been able to identify problems with sanitary and storm sewers. This identification process has meant that the City is now trying to find funding to address these problems before a line fails. This year the City has spent over \$200,000 in repairing and lining existing sewers. The City's aging infrastructure presents a major financial challenge over the next five years.

While the City's financial condition in 2006 was relatively stable, we have experienced a substantial decrease in general fund unencumbered fund balance over the past five years. In 2001, the City's general fund unencumbered fund balance exceeded \$1,000,000, in contrast to the 2006 unencumbered ending fund balance of \$783,991. However, the good news is that the 2006 unencumbered fund balance has grown by \$234,967 over last year's ending balance. This was due in part to an increase in income tax and investment income revenue, as well as a concerted effort by the City Manager and staff to curtail spending wherever possible without compromising City services. As part of the annual goals and objectives, the City continues to explore new ways to improve efficiency, cut costs and increase revenue.

Contacting the City's Finance Department

This report is designed to provide the reader with a broad overview of the City's financial position, as well as a general understanding of the financial operations of the City. If you have any questions about this report or need any additional financial information, please contact John Williams, J.D., CPA, Finance Director, 294 Main Street, Conneaut, Ohio 44030, telephone 440-593-7416, or e-mail at connfinance@suite224.net.

Basic Financial Statements

City of Conneaut, Ohio

Statement of Net Assets

December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$2,688,677	\$468,671	\$3,157,348
Accounts Receivable	120,344	507,770	628,114
Intergovernmental Receivable	1,029,017	0	1,029,017
Materials and Supplies Inventory	69,437	121,814	191,251
Property Taxes Receivable	1,354,744	0	1,354,744
Municipal Income Taxes Receivable	1,063,522	0	1,063,522
Special Assessments Receivable	1,824,674	45,369	1,870,043
Loans Receivable	247,051	0	247,051
Nondepreciable Capital Assets	586,348	4,003,210	4,589,558
Depreciable Capital Assets, Net	18,160,655	13,458,262	31,618,917
<i>Total Assets</i>	<u>27,144,469</u>	<u>18,605,096</u>	<u>45,749,565</u>
Liabilities			
Accounts Payable	74,561	41,506	116,067
Contracts Payable	5,736	253,344	259,080
Accrued Wages	72,517	28,210	100,727
Intergovernmental Payable	212,894	55,384	268,278
Accrued Interest Payable	62,974	135,555	198,529
Deferred Revenue	1,229,280	0	1,229,280
Notes Payable	340,500	180,000	520,500
Long-Term Liabilities:			
Due Within One Year	593,268	686,413	1,279,681
Due In More Than One Year	3,956,684	6,425,618	10,382,302
<i>Total Liabilities</i>	<u>6,548,414</u>	<u>7,806,030</u>	<u>14,354,444</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	17,359,101	10,515,764	27,874,865
Restricted for:			
Capital Projects	300,157	0	300,157
Debt Service	924,154	0	924,154
Street Construction, Maintenance and Repair	355,363	0	355,363
Community Housing	153,734	0	153,734
Economic Development	494,102	0	494,102
Ambulance Services	348,878	0	348,878
Other Purposes	456,124	0	456,124
Unrestricted	204,442	283,302	487,744
<i>Total Net Assets</i>	<u>\$20,596,055</u>	<u>\$10,799,066</u>	<u>\$31,395,121</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$1,406,409	\$186,469	\$6,995	\$159,621
Security of Persons and Property	3,387,785	453,497	48,451	25,319
Public Health Services	374,896	37,551	16,231	0
Leisure Time Activities	94,657	43,313	13,941	0
Community Development	467,034	55,708	249,202	0
Basic Utility Services	32,500	0	0	0
Transportation	2,449,845	4,300	657,215	5,800
Interest and Fiscal Charges	195,947	0	0	0
<i>Total Governmental Activities</i>	<u>8,409,073</u>	<u>780,838</u>	<u>992,035</u>	<u>190,740</u>
Business-Type Activities:				
Water	1,711,495	1,785,302	0	30,075
Sewer	1,802,037	1,879,332	0	10,615
<i>Total Business-Type Activities</i>	<u>3,513,532</u>	<u>3,664,634</u>	<u>0</u>	<u>40,690</u>
<i>Total - Primary Government</i>	<u>\$11,922,605</u>	<u>\$4,445,472</u>	<u>\$992,035</u>	<u>\$231,430</u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Other Purposes

Municipal Income Taxes Levied for:

General Purposes

Capital Outlay

Street Construction, Maintenance and Repair

Other Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$1,053,324)	\$0	(\$1,053,324)
(2,860,518)	0	(2,860,518)
(321,114)	0	(321,114)
(37,403)	0	(37,403)
(162,124)	0	(162,124)
(32,500)	0	(32,500)
(1,782,530)	0	(1,782,530)
(195,947)	0	(195,947)
(6,445,460)	0	(6,445,460)
0	103,882	103,882
0	87,910	87,910
0	191,792	191,792
(6,445,460)	191,792	(6,253,668)
419,938	0	419,938
316,107	0	316,107
721,649	0	721,649
2,015,340	0	2,015,340
309,969	0	309,969
839,298	0	839,298
55,850	0	55,850
1,196,117	0	1,196,117
147,560	0	147,560
293,427	44,565	337,992
6,315,255	44,565	6,359,820
(130,205)	236,357	106,152
20,726,260	10,562,709	31,288,969
\$20,596,055	\$10,799,066	\$31,395,121

City of Conneaut, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	General	Street Construction, Maintenance and Repair	General Obligation Bond Retirement	Special Assessment Bond Retirement
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$634,371	\$119,072	\$568,788	\$231,042
Materials and Supplies Inventory	19,275	46,907	0	0
Accounts Receivable	79,386	0	0	0
Intergovernmental Receivable	489,614	226,956	15,301	0
Property Taxes Receivable	365,876	0	283,247	0
Municipal Income Taxes Receivable	664,441	276,699	0	0
Loans Receivable	0	0	0	0
Special Assessments Receivable	315,050	41,991	0	1,467,633
<i>Total Assets</i>	<u>\$2,568,013</u>	<u>\$711,625</u>	<u>\$867,336</u>	<u>\$1,698,675</u>
Liabilities				
Accounts Payable	\$44,802	\$6,752	\$0	\$0
Contracts Payable	1,171	0	0	0
Accrued Wages	58,227	12,074	0	0
Intergovernmental Payable	90,227	27,486	0	0
Accrued Interest Payable	6,161	874	0	0
Deferred Revenue	1,287,101	308,684	298,548	1,467,633
Notes Payable	265,000	25,500	0	0
<i>Total Liabilities</i>	<u>1,752,689</u>	<u>381,370</u>	<u>298,548</u>	<u>1,467,633</u>
Fund Balances				
Reserved for Encumbrances	31,333	12,949	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved				
Undesignated, Reported in:				
General Fund	783,991	0	0	0
Special Revenue Funds	0	317,306	0	0
Debt Service Funds	0	0	568,788	231,042
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>815,324</u>	<u>330,255</u>	<u>568,788</u>	<u>231,042</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,568,013</u>	<u>\$711,625</u>	<u>\$867,336</u>	<u>\$1,698,675</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Other Governmental Funds	Total Governmental Funds	Total Governmental Funds Balances	\$3,433,848
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$1,135,404 3,255 40,958 297,146 705,621 122,382 247,051 0 <hr style="border: 0.5px solid black;"/> \$2,551,817 <hr style="border: 0.5px solid black;"/> \$23,007 4,565 2,216 95,181 1,714 886,695 50,000 <hr style="border: 0.5px solid black;"/> 1,063,378 <hr style="border: 0.5px solid black;"/> 10,377 224,260 0 898,971 0 354,831 <hr style="border: 0.5px solid black;"/> 1,488,439 <hr style="border: 0.5px solid black;"/> \$2,551,817 <hr style="border: 0.5px solid black;"/>	\$2,688,677 69,437 120,344 1,029,017 1,354,744 1,063,522 247,051 1,824,674 <hr style="border: 0.5px solid black;"/> \$8,397,466 <hr style="border: 0.5px solid black;"/> \$74,561 5,736 72,517 212,894 8,749 4,248,661 340,500 <hr style="border: 0.5px solid black;"/> 4,963,618 <hr style="border: 0.5px solid black;"/> 54,659 224,260 783,991 1,216,277 799,830 354,831 <hr style="border: 0.5px solid black;"/> 3,433,848 <hr style="border: 0.5px solid black;"/> \$8,397,466 <hr style="border: 0.5px solid black;"/>	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 18,747,003 Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Property and Other Taxes 125,464 Municipal Income Taxes 449,573 Intergovernmental 520,282 Special Assessments 1,824,674 Fees, Licenses and Permits 62,658 Charges for Services 36,730 <hr style="border: 0.5px solid black;"/> Total 3,019,381 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (54,225) Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: General Obligation Bonds (1,760,000) OWDA Loans Payable (1,332,998) OPWC Loans Payable (29,254) Notes Payable (467,000) Capital Lease Payable (201,148) Compensated Absences (759,552) <hr style="border: 0.5px solid black;"/> Total (4,549,952) Net Assets of Governmental Activities <u>\$20,596,055</u>	

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Street Construction, Maintenance and Repair	General Obligation Bond Retirement	Special Assessment Bond Retirement
Revenues				
Property and Other Taxes	\$411,757	\$0	\$310,593	\$0
Municipal Income Taxes	1,982,092	825,447	0	0
Special Assessments	30,998	11,451	0	124,253
Intergovernmental	1,046,159	488,935	30,601	5,921
Fees, Licenses and Permits	209,575	4,300	0	0
Fines and Forfeitures	170,426	0	0	0
Rentals	17,000	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	21,508	0	0	0
Interest	124,651	1,220	0	0
Other	138,209	116,514	0	0
<i>Total Revenues</i>	<u>4,152,375</u>	<u>1,447,867</u>	<u>341,194</u>	<u>130,174</u>
Expenditures				
Current:				
General Government	1,263,934	0	7,121	8,541
Security of Persons and Property	2,187,334	0	0	0
Public Health Services	334,303	0	0	0
Leisure Time Activities	8,006	0	0	0
Community Development	86,045	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	1,536,985	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	7,119	1,581	205,000	102,170
Principal Retirement - Current Refunding	15,000	25,500	0	0
Interest and Fiscal Charges	19,174	6,703	108,660	52,790
<i>Total Expenditures</i>	<u>3,920,915</u>	<u>1,570,769</u>	<u>320,781</u>	<u>163,501</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>231,460</u>	<u>(122,902)</u>	<u>20,413</u>	<u>(33,327)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	10,000	0	0	0
General Obligation Notes Issued	15,000	182,000	0	0
Inception of Capital Lease	91,753	116,514	0	0
Current Refunding	(15,000)	(182,000)	0	0
Transfers In	0	0	0	0
Transfers Out	(104,750)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,997)</u>	<u>116,514</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	228,463	(6,388)	20,413	(33,327)
<i>Fund Balances Beginning of Year</i>	<u>586,861</u>	<u>336,643</u>	<u>548,375</u>	<u>264,369</u>
<i>Fund Balances End of Year</i>	<u>\$815,324</u>	<u>\$330,255</u>	<u>\$568,788</u>	<u>\$231,042</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$229,143
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$706,401	\$1,428,751	Governmental funds report capital outlays as expenditures.	
326,681	3,134,220	However, in the statement of activities, the cost of those	
0	166,702	assets is allocated over their estimated useful lives as	
769,022	2,340,638	depreciation expense. This is the amount by which depreciation	
26,693	240,568	exceeded capital outlay in the current period.	
57,588	228,014	Capital Outlay	726,586
32,750	49,750	Depreciation	<u>(1,141,128)</u>
271,371	271,371		
25,133	46,641		
21,689	147,560	Total	(414,542)
38,704	293,427		
		Governmental funds only report the disposal of capital assets to	
2,276,032	8,347,642	the extent proceeds are received from the sale. In the	
		statement of activities, a gain or loss is reported for each	
		disposal.	(21,108)
0	1,279,596	Revenue in the statement of activities that do not provide	
1,143,233	3,330,567	current financial resources are not reported as revenue in	
33,980	368,283	the funds.	
85,259	93,265	Property and Other Taxes	28,943
387,342	473,387	Municipal Income Taxes	86,237
32,500	32,500	Intergovernmental	(8,387)
177,056	1,714,041	Special Assessments	(166,702)
445,600	445,600	Fees, Licenses and Permits	10,948
		Charges for Services	<u>(19,813)</u>
0	315,870		
50,000	90,500	Total	(68,774)
5,830	193,157		
		Repayment of bond and note principal is an expenditure in the	
2,360,800	8,336,766	governmental funds, but the repayment reduces long-term	
		liabilities in the statement of net assets.	703,370
(84,768)	10,876	In the statement of activities, interest is accrued on outstanding	
		bonds, whereas in governmental funds, an interest expenditure	
		is reported when due.	(2,790)
0	10,000	Compensated absences reported in the statement of activities	
100,000	297,000	do not require the use of current financial resources and	
0	208,267	therefore are not reported as expenditures in governmental	
(100,000)	(297,000)	funds.	(50,237)
104,750	104,750		
0	(104,750)	Other financing sources in the governmental funds that	
		increase long-term liabilities in the statement of net assets	
104,750	218,267	are not reported as revenues in the statement of activities.	
		Inception of Capital Lease	(208,267)
19,982	229,143	General Obligation Note Issued	<u>(297,000)</u>
1,468,457	3,204,705	Total	<u>(505,267)</u>
\$1,488,439	\$3,433,848		
		<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$130,205)</u></u>

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$385,900	\$385,900	\$411,757	\$25,857
Municipal Income Taxes	2,010,500	2,010,500	1,996,236	(14,264)
Special Assessments	25,723	25,723	30,998	5,275
Intergovernmental	882,577	957,577	1,006,357	48,780
Fees, Licenses and Permits	330,965	191,965	209,575	17,610
Fines and Forfeitures	44,130	183,130	171,914	(11,216)
Rentals	17,000	17,000	17,000	0
Contributions and Donations	6,500	6,500	21,508	15,008
Interest	80,000	80,000	124,651	44,651
Other	115,860	115,860	131,662	15,802
<i>Total Revenues</i>	3,899,155	3,974,155	4,121,658	147,503
Expenditures				
Current:				
General Government	1,318,944	1,376,306	1,216,720	159,586
Security of Persons and Property	2,358,227	2,398,981	2,211,584	187,397
Public Health Services	307,478	340,676	322,791	17,885
Leisure Time Activities	10,825	10,825	8,341	2,484
Community Development	78,515	100,960	85,883	15,077
Debt Service:				
Principal Retirement	330,000	330,000	330,000	0
Interest and Fiscal Charges	17,401	17,503	17,470	33
<i>Total Expenditures</i>	4,421,390	4,575,251	4,192,789	382,462
<i>Excess of Revenues Under Expenditures</i>	(522,235)	(601,096)	(71,131)	529,965
Other Financing Sources (Uses)				
Sale of Capital Assets	8,840	8,840	10,000	1,160
General Obligation Notes Issued	280,000	280,000	280,000	0
Transfers Out	(158,750)	(158,750)	(104,750)	54,000
<i>Total Other Financing Sources (Uses)</i>	130,090	130,090	185,250	55,160
<i>Net Change in Fund Balance</i>	(392,145)	(471,006)	114,119	585,125
<i>Fund Balance Beginning of Year</i>	429,617	429,617	429,617	0
Prior Year Encumbrances Appropriated	45,947	45,947	45,947	0
<i>Fund Balances End of Year</i>	\$83,419	\$4,558	\$589,683	\$585,125

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$837,200	\$837,200	\$831,329	(\$5,871)
Special Assessments	11,451	11,451	11,451	0
Intergovernmental	469,249	469,249	494,911	25,662
Fees, Licenses and Permits	0	0	4,300	4,300
Interest	150	150	1,220	1,070
Other	120,000	120,000	116,514	(3,486)
<i>Total Revenues</i>	<u>1,438,050</u>	<u>1,438,050</u>	<u>1,459,725</u>	<u>21,675</u>
Expenditures				
Current:				
Transportation	1,512,557	1,546,387	1,442,828	103,559
Debt Service:				
Principal Retirement	255,081	249,581	249,581	0
Interest and Fiscal Charges	10,392	7,192	7,192	0
<i>Total Expenditures</i>	<u>1,778,030</u>	<u>1,803,160</u>	<u>1,699,601</u>	<u>103,559</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(339,980)</u>	<u>(365,110)</u>	<u>(239,876)</u>	<u>125,234</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	207,500	207,500	207,500	0
Transfers In	24,000	24,000	0	(24,000)
<i>Total Other Financing Sources (Uses)</i>	<u>231,500</u>	<u>231,500</u>	<u>207,500</u>	<u>(24,000)</u>
<i>Net Change in Fund Balance</i>	(108,480)	(133,610)	(32,376)	101,234
<i>Fund Balance Beginning of Year</i>	122,871	122,871	122,871	0
Prior Year Encumbrances Appropriated	11,514	11,514	11,514	0
<i>Fund Balance End of Year</i>	<u>\$25,905</u>	<u>\$775</u>	<u>\$102,009</u>	<u>\$101,234</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2006

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$127,412	\$341,259	\$468,671
Materials and Supplies Inventory	87,445	34,369	121,814
<i>Receivables:</i>			
Accounts	252,653	255,117	507,770
Special Assessments	2,838	15,632	18,470
<i>Total Current Assets</i>	<u>470,348</u>	<u>646,377</u>	<u>1,116,725</u>
<i>Noncurrent Assets:</i>			
Special Assessment Receivable	20,149	6,750	26,899
<i>Capital Assets:</i>			
Nondepreciable Capital Assets	118,623	3,884,587	4,003,210
Depreciable Capital Assets, Net	6,776,699	6,681,563	13,458,262
<i>Total Noncurrent Assets</i>	<u>6,915,471</u>	<u>10,572,900</u>	<u>17,488,371</u>
<i>Total Assets</i>	<u>7,385,819</u>	<u>11,219,277</u>	<u>18,605,096</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	21,675	19,831	41,506
Contracts Payable	11,966	241,378	253,344
Accrued Wages	15,803	12,407	28,210
Intergovernmental Payable	28,355	27,029	55,384
Compensated Absences Payable	66,751	41,856	108,607
Accrued Interest Payable	10,730	124,825	135,555
General Obligation Bonds Payable	70,000	0	70,000
OPWC Loans Payable	25,174	15,056	40,230
OWDA Loans Payable	26,121	397,636	423,757
Capital Leases Payable	0	33,819	33,819
Notes Payable	10,000	180,000	190,000
<i>Total Current Liabilities</i>	<u>286,575</u>	<u>1,093,837</u>	<u>1,380,412</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences Payable	125,263	111,066	236,329
General Obligation Bonds Payable	741,387	0	741,387
OPWC Loans Payable	354,662	69,333	423,995
OWDA Loans Payable	313,192	4,665,964	4,979,156
Notes Payable	10,000	0	10,000
Capital Leases Payable	0	34,751	34,751
<i>Total Long-Term Liabilities</i>	<u>1,544,504</u>	<u>4,881,114</u>	<u>6,425,618</u>
<i>Total Liabilities</i>	<u>1,831,079</u>	<u>5,974,951</u>	<u>7,806,030</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,346,173	5,169,591	10,515,764
Unrestricted	208,567	74,735	283,302
<i>Total Net Assets</i>	<u>\$5,554,740</u>	<u>\$5,244,326</u>	<u>\$10,799,066</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$1,769,387	\$1,874,332	\$3,643,719
Tap-In Fees	10,515	5,000	15,515
Rentals	5,400	0	5,400
Other	4,442	40,123	44,565
<i>Total Operating Revenues</i>	<u>1,789,744</u>	<u>1,919,455</u>	<u>3,709,199</u>
Operating Expenses			
Personal Services	980,932	763,595	1,744,527
Purchased Services	338,498	447,409	785,907
Contractual Services	138,751	166,298	305,049
Materials and Supplies	4,153	0	4,153
Depreciation	189,523	207,744	397,267
Other	1,060	2,245	3,305
<i>Total Operating Expenses</i>	<u>1,652,917</u>	<u>1,587,291</u>	<u>3,240,208</u>
<i>Operating Income</i>	<u>136,827</u>	<u>332,164</u>	<u>468,991</u>
Non-Operating Revenues (Expenses)			
Loss on Sale of Capital Assets	(542)	0	(542)
Interest and Fiscal Charges	(58,036)	(214,746)	(272,782)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(58,578)</u>	<u>(214,746)</u>	<u>(273,324)</u>
<i>Income (Loss) before Contributions</i>	78,249	117,418	195,667
Capital Contributions	30,075	10,615	40,690
<i>Change in Net Assets</i>	108,324	128,033	236,357
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>5,446,416</u>	<u>5,116,293</u>	<u>10,562,709</u>
<i>Net Assets End of Year</i>	<u><u>\$5,554,740</u></u>	<u><u>\$5,244,326</u></u>	<u><u>\$10,799,066</u></u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business-Type Activities		
	Water	Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,779,200	\$1,843,764	\$3,622,964
Cash Received from Tap-In Fees	10,515	5,000	15,515
Cash Received from Special Assessments	1,977	4,846	6,823
Cash Received from Rentals	5,400	0	5,400
Other Cash Receipts	4,442	39,886	44,328
Cash Payments to Employees for Services	(984,354)	(734,975)	(1,719,329)
Cash Payments for Goods and Services	(510,902)	(693,293)	(1,204,195)
Other Cash Payments	(1,060)	(2,245)	(3,305)
<i>Net Cash Provided by Operating Activities</i>	<u>305,218</u>	<u>462,983</u>	<u>768,201</u>
Cash Flows from Capital and Related Financing Activities			
Related Financing Activities			
Capital Grants	30,075	10,615	40,690
Proceeds from Capital Lease	0	101,000	101,000
Proceeds from General Obligation Notes	0	180,000	180,000
Proceeds from OWDA Loans	0	650,796	650,796
Principal Paid on OWDA Loans	(25,020)	(252,988)	(278,008)
Interest Paid on OWDA Loans	(15,579)	(140,539)	(156,118)
Principal Paid on OPWC Loans	(25,174)	(15,057)	(40,231)
Principal Paid on General Obligation Bond	(70,000)	0	(70,000)
Interest Paid on General Obligation Bond	(43,390)	0	(43,390)
Principal Paid on Short-term Notes	0	(200,000)	(200,000)
Interest Paid on Short-term Notes	0	(6,572)	(6,572)
Principal Paid on Capital Lease	0	(32,430)	(32,430)
Interest Paid on Capital Lease	0	(3,962)	(3,962)
Payments for Capital Acquisitions	(228,120)	(966,366)	(1,194,486)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(377,208)</u>	<u>(675,503)</u>	<u>(1,052,711)</u>
<i>Net Decrease in Cash and Cash Equivalent</i>	(71,990)	(212,520)	(284,510)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>199,402</u>	<u>553,779</u>	<u>753,181</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$127,412</u>	<u>\$341,259</u>	<u>\$468,671</u>

(continued)

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2006

	Business-Type Activities		
	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$136,827	\$332,164	\$468,991
Adjustments:			
Depreciation	189,523	207,744	397,267
(Increase) Decrease in Assets:			
Accounts Receivable	9,813	(30,568)	(20,755)
Special Assessments Receivable	1,977	4,609	6,586
Materials and Supplies Inventory	(32,184)	(1,033)	(33,217)
Increase (Decrease) in Liabilities:			
Accounts Payable	(7,502)	(105,856)	(113,358)
Contracts Payable	10,486	27,072	37,558
Accrued Wages	2,141	1,068	3,209
Compensated Absences Payable	(8,855)	26,035	17,180
Intergovernmental Payable	2,992	1,748	4,740
<i>Total Adjustments</i>	168,391	130,819	299,210
<i>Net Cash Provided by Operating Activities</i>	\$305,218	\$462,983	\$768,201

See accompanying notes to the basic financial statements

City Of Conneaut, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006

	Private Purpose Trust	
	Cemetery	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$30,677	\$5,303
Cash and Cash Equivalents in Segregated Accounts	0	15,499
<i>Total Assets</i>	<u>30,677</u>	<u>\$20,802</u>
Liabilities		
Deposits Held and Due to Others	0	\$20,802
Net Assets		
Held in Trust for Endowment	15,700	
Unrestricted	<u>14,977</u>	
<i>Total Net Assets</i>	<u>\$30,677</u>	

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Year Ended December 31, 2006

	Cemetery
Additions	
Interest	\$1,075
Deductions	
Contractual Services	90
<i>Change in Net Assets</i>	985
<i>Net Assets Beginning of Year</i>	29,692
<i>Net Assets End of Year</i>	\$30,677

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 1 – Description of the City and Reporting Entity

The City of Conneaut is a charter municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. The City was incorporated as a city in 1902. The City operates under its own charter and is governed by a City Manager-Council form of government with the Council appointing the City Manager, Finance Director and Clerk of Council. Members of Council are elected to four-year staggered terms.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Conneaut, this includes the agencies and departments that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation, water and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the Conneaut Public Library, a related organization. This organization is presented in Note 19 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Conneaut have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activities and its enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental program is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Conneaut and/or the general laws of Ohio.

Street Construction, Maintenance and Repair Fund - The street construction, maintenance and repair special revenue fund accounts for its portion of municipal income tax collections and the portion of the gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets within the City.

General Obligation Bond Retirement Fund - The general obligation bond retirement fund is used to account for the property and other taxes collected for the payment of, general long-term debt principal, interest and related costs.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Special Assessment Bond Retirement Fund – The special assessment bond retirement fund is used to account for the special assessments collected for the payment of special assessment debt principal, interest and related costs.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund The water fund accounts for revenues generated from the charges for distribution of water to the residential and commercial users of the City.

Sewer Fund The sewer fund accounts for sewer services to City individuals and commercial users in the City. The costs of providing these services are financed primarily through user charges.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is a private-purpose trust which accounts for the placement of flowers for specific burial plots in the City's cemetery through an endowment. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund accounts for municipal court deposits.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The private purpose trust fund is reported using a flow of economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

During 2006, investments were limited to nonnegotiable certificates of deposit, Victory Federal Money Market Mutual Fund and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. The fair value of the mutual fund is determined by the fund's December 31, 2006, share price. Any increase or decrease in fair value is reported as a component of interest income. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 amount to \$124,651 which includes \$72,191 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

G. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand five hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extended an asset's life or not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15 - 45 years
Equipment	3 - 10 years
Vehicles	5 - 20 years
Furniture and Fixtures	3 - 10 years
Infrastructure	25 - 40 years
Water and Sewer Lines	50 years

The City's infrastructure consists of traffic lights, roads and storm sewers and includes infrastructure acquired prior to December 31, 1980.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on the sick leave accumulated and employee's wage rates at December 31, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

J. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and loans receivable.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$3,032,512 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for litter control and street lighting.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and wastewater treatment. Operating expenses are necessary costs incurred to provide the good or services that is the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Bond Premium

On the City-wide and the proprietary fund financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

P. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Note 3 - Change in Accounting Principles and Restatement of Prior Year Net Assets

A. Changes in Accounting Principles

For 2006, the City has implemented GASB Statement No. 47, “Accounting for Termination Benefits”. GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits. The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

B. Restatement of Net Assets

During 2006, it was determined that water and sewer capital assets were understated. This restatement had the following effect on net assets as they were previously reported.

	Water	Sewer	Business-Type Activities
Net Assets, December 31, 2005	\$5,356,512	\$5,010,563	\$10,367,075
Capital Assets	89,904	105,730	195,634
Adjusted Net Assets, December 31, 2005	<u>\$5,446,416</u>	<u>\$5,116,293</u>	<u>\$10,562,709</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general and street construction, maintenance and repair funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but reported on the operating statements prepared using GAAP.
5. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balances		
General and Street Construction, Maintenance and Repair Special Revenue Funds		
	General	Street Construction Maintenance and Repair
GAAP Basis	\$228,463	(\$6,388)
Net Adjustment for Revenue Accruals	(122,404)	(261,156)
Net Adjustment for Expenditures Accruals	102,964	292,731
Beginning Unrecorded Cash	84	0
Ending Unrecorded Cash	(150)	0
Proceeds of Notes	265,000	182,000
Principal Retirement	(315,000)	(222,500)
Encumbrances	(44,838)	(17,063)
Budget Basis	\$114,119	(\$32,376)

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 5 - Accountability

The litter control and the fire pension special revenue funds had deficit fund balances of \$573 and \$33,598, respectively, as of December 31, 2006. The fund deficits were caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 6 - Deposits and Investments

State statutes classify monies held by the City into these categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$488,200 of the City's bank balance of \$588,574 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the uninsured deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2006, the City had the following investments:

	Fair Value	Average Maturity
Victory Federal Money Market Mutual Fund	\$466,932	Less than One Month
STAROhio	2,149,386	39 Days
Total	\$2,616,318	

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The Victory Federal Money Market Mutual Funds and STAROhio carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Note 7 - Receivables

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans and accounts (billings for user charged services, including unbilled utility services).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$1,349,653 in the special assessment bond retirement fund, \$20,149 in the water enterprise fund and \$6,750 in the sewer enterprise fund. At December 31, 2006, the amount of delinquent special assessments was \$124,047.

The loans receivable at December 31, 2006, are revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. Loans expected to be collected in more than one year amount to \$224,260.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

The full tax rate for all City operations for the year ended December 31, 2006, was \$8.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$154,646,580
Tangible Personal Property	15,050,190
Public Utility Property	<u>9,571,180</u>
Total Assessed Values	<u><u>\$179,267,950</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Conneaut. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the fire and police levy funds and the police and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a municipal income tax of 1.80 percent on gross salaries, wages and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to file a declaration annually and quarterly estimated tax payments are recommended.

Income tax proceeds are received by the general fund, street construction, maintenance and repair, street lighting and recreation special revenue funds and the street improvement and capital improvement capital projects funds.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government	\$399,801
Gasoline Tax	200,811
Conneaut Port Authority	150,000
Permissive Tax	67,134
Homestead and Rollback	66,610
Estate Tax	60,056
Auto License Tax	44,547
Personal Property Tax Reimbursement	36,697
Nature Works Grant	3,361
Total	\$1,029,017

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$581,548	\$4,800	\$0	\$586,348
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	1,709,164	9,570	0	1,718,734
Equipment	2,173,148	88,176	(5,327)	2,255,997
Vehicles	3,671,108	223,202	(22,786)	3,871,524
Furniture and Fixtures	28,097	0	0	28,097
Infrastructure:				
Traffic Lights	110,280	0	0	110,280
Roads	20,746,948	400,838	0	21,147,786
Storm Sewers	1,527,220	0	0	1,527,220
<i>Total Capital Assets being Depreciated</i>	\$29,965,965	\$721,786	(\$28,113)	\$30,659,638

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Governmental Activities (continued)	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(\$1,125,957)	(\$45,991)	\$0	(\$1,171,948)
Equipment	(1,591,260)	(122,921)	5,106	(1,709,075)
Vehicles	(3,471,220)	(116,252)	1,899	(3,585,573)
Furniture and Fixtures	(22,334)	(1,326)	0	(23,660)
Infrastructure:				
Traffic Lights	(49,730)	(1,858)	0	(51,588)
Roads	(4,189,965)	(830,959)	0	(5,020,924)
Storm Sewers	(914,394)	(21,821)	0	(936,215)
<i>Total Accumulated Depreciation</i>	<u>(11,364,860)</u>	<u>(1,141,128) *</u>	<u>7,005</u>	<u>(12,498,983)</u>
Total Capital Assets being Depreciated, Net	<u>18,601,105</u>	<u>(419,342)</u>	<u>(21,108)</u>	<u>18,160,655</u>
Governmental Activities Capital Assets, Net	<u>\$19,182,653</u>	<u>(\$414,542)</u>	<u>(\$21,108)</u>	<u>\$18,747,003</u>
 Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$12,860	\$0	\$0	\$12,860
Construction in Progress	<u>3,317,577</u>	<u>672,773</u>	<u>0</u>	<u>3,990,350</u>
<i>Total Capital Assets not being Depreciated</i>	<u>3,330,437</u>	<u>672,773</u>	<u>0</u>	<u>4,003,210</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	654,467	20,556	0	675,023
Equipment	3,942,658	116,844	(7,595)	4,051,907
Vehicles	545,690	0	0	545,690
Infrastructure:				
Water and Sewer Lines	<u>14,281,974</u>	<u>178,804</u>	<u>0</u>	<u>14,460,778</u>
<i>Total Capital Assets being Depreciated</i>	<u>19,424,789</u>	<u>316,204</u>	<u>(7,595)</u>	<u>19,733,398</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(588,957)	(6,407)	0	(595,364)
Equipment	(2,047,719)	(126,267)	7,053	(2,166,933)
Vehicles	(215,552)	(25,367)	0	(240,919)
Infrastructure:				
Water and Sewer Lines	<u>(3,032,694)</u>	<u>(239,226)</u>	<u>0</u>	<u>(3,271,920)</u>
<i>Total Accumulated Depreciation</i>	<u>(5,884,922)</u>	<u>(397,267)</u>	<u>7,053</u>	<u>(6,275,136)</u>
Total Capital Assets being Depreciated, Net	<u>13,539,867</u>	<u>(81,063)</u>	<u>(542)</u>	<u>13,458,262</u>
Business Type Activities Capital Assets, Net	<u>\$16,870,304</u>	<u>\$591,710</u>	<u>(\$542)</u>	<u>\$17,461,472</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

* Depreciation expense was charged to governmental functions as follows:

General Government	\$52,023
Security of Persons and Property	152,021
Leisure Time Activities	20,924
Community Development	4,548
Transportation	911,612
Total Depreciation Expense	\$1,141,128

Note 9 - Notes Payable

Changes in the City's note activity for the year ended December 31, 2006, were as follows:

	Outstanding 12/31/2005	Additions	(Reductions)	Outstanding 12/31/2006
<i>General Fund:</i>				
Prison Land, 2.59%	\$120,000	\$100,000	(\$120,000)	\$100,000
Madison Street Storm Sewer, 1.60%	165,000	150,000	(165,000)	150,000
Fire Truck, 1.81%	15,000	15,000	(15,000)	15,000
<i>Total General Fund</i>	300,000	265,000	(300,000)	265,000
<i>Special Revenue Fund:</i>				
Street Equipment, 1.81%	30,000	20,000	(30,000)	20,000
Street Equipment, 1.81%	10,500	5,500	(10,500)	5,500
<i>Total Special Revenue Fund</i>	40,500	25,500	(40,500)	25,500
<i>Capital Projects Fund:</i>				
Conneaut Port Authority, 3.80%	50,000	50,000	(50,000)	50,000
<i>Total Governmental Activities</i>	\$390,500	\$340,500	(\$390,500)	\$340,500
<i>Enterprise Fund:</i>				
Waste Water Improvement, 1.60%	\$200,000	\$180,000	(\$200,000)	\$180,000

In 2006, the City issued \$100,000 and \$150,000 in various purpose improvement notes to help finance the purchase of land for the prison and to finance the Madison Street storm sewer project. These projects have been completed by December 31, 2006 and the notes mature on June 21, 2007.

In 2006, the City issued \$15,000, \$25,500 and \$50,000 in various purpose improvement notes for the purchase of a fire truck and street equipment and for the Conneaut Port Authority. These purchases have been made by December 31, 2006 and the notes mature on February 7, 2008.

In 2006, the City issued \$180,000 in various purpose improvement notes to finance the waste water improvement project. This project has been completed by December 31, 2006 and the note matures on June 21, 2007.

The notes are backed by the full faith and credit of the City of Conneaut and mature within one year. The note liabilities are reflected in the funds which receive the proceeds. The notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 10 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Vacation and sick leave are accrued without limit. Upon retirement, an employee with ten or more years of service can be paid for one quarter of his/her accumulated sick hours. The paid sick time is limited to a maximum number of hours set by each department. However, in no case shall any City employee in any department be paid for more than 1,200 hours of accumulated sick leave. There is no limitation on paying accrued vacation, so an employee may be paid for the entire amount of vacation earned but not yet used.

Note 11 - Long-Term Obligations

The original issue date, amount, interest rate and maturity date for each of the City's debt issues follow:

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Governmental Activities				
<i>General Obligation Bonds:</i>				
City Hall Annex	1986	6.88%	\$1,500,000	2011
Library	1998	5.05	2,115,000	2018
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	746,716	2016
East/West Gateway	1993	4.80	554,029	2013
Gateway Phase II	1993	4.80	87,255	2014
I-90 Sewer	1998	3.98	167,329	2018
East Conneaut Sewer Phase III	1999	3.50	679,445	2020
<i>Ohio Public Works Commission Loan:</i>				
Under Ridge Road Culvert	2004	0.00	31,626	2025
<i>Notes:</i>				
Fire Truck	2006	3.85	30,000	2007
Street Equipment	2006	3.85	152,000	2007
Street Equipment	2006	3.85	55,500	2007
Environmental Cleanup	2004	4.00	170,000	2009
Conneaut Port Authority	2006	3.85	150,000	2007

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Business-Type Activities				
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	\$215,671	2016
I-90 Sewer	1998	3.98	94,123	2020
East Conneaut Sewer Phase III	1999	3.50	132,997	2020
<i>Ohio Water Development Authority:</i>				
Wastewater Plant Improvement	1971	5.25	853,796	2013
Wastewater Plant Improvement	1987	9.06	557,110	2013
Wastewater	1988	4.80	2,580,000	2011
Water III	1995	4.35	543,845	2017
Dechlorination Project	1997	4.12	89,144	2017
Wastewater Improvement Loan	2006	3.25	3,156,805	2026
<i>Ohio Public Works Commission</i>				
East Conneaut Sewer Phase II	1997	0.00	20,616	2006
Wastewater Treatment Plant	1992	0.00	123,926	2010
South Conneaut Water Tank	2000	0.00	385,000	2021
Liberty Water Line	2003	0.00	118,483	2023
Madison Sanitary Sewer	2004	0.00	37,833	2024
<i>Note:</i>				
Prison Water Line Improvement	1997	0.00	100,000	2007
<i>General Obligation Bond:</i>				
Water III	1998	5.05	1,370,000	2018

A schedule of changes in bonds and other long-term obligations of the City during 2006 follows:

	Outstanding 12/31/2005	Additions	Reductions	Outstanding 12/31/2006	Amount Due In one Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
City Hall Annex	\$600,000	\$0	\$100,000	\$500,000	\$100,000
Library	1,365,000	0	105,000	1,260,000	105,000
Total General Obligation Bonds	1,965,000	0	205,000	1,760,000	205,000
<i>Special Assessment OWDA Loans with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	436,872	0	32,054	404,818	33,401
East/West Gateway	285,520	0	30,052	255,468	31,512
Gateway Phase II	47,249	0	4,622	42,627	4,847
I-90 Sewer	123,010	0	7,389	115,621	7,686
East Conneaut Sewer Phase III	542,517	0	28,053	514,464	29,043
Total Special Assessment OWDA Loans	1,435,168	0	102,170	1,332,998	106,489
<i>OPWC Loan:</i>					
Under Ridge Road Culvert	\$30,835	\$0	\$1,581	\$29,254	\$1,581

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

	Outstanding 12/31/2005	Additions	Reductions	Outstanding 12/31/2006	Amount Due In one Year
Governmental Activities (continued)					
<i>Long - Term Notes Payable:</i>					
Fire Truck	\$30,000	\$15,000	\$30,000	\$15,000	\$0
Street Equipment	152,000	132,000	152,000	132,000	0
Street Equipment	55,500	50,000	55,500	50,000	0
Environmental Cleanup	170,000	0	0	170,000	56,000
Conneaut Port Authority	150,000	100,000	150,000	100,000	0
<i>Total Long - Term Notes Payable</i>	<u>557,500</u>	<u>297,000</u>	<u>387,500</u>	<u>467,000</u>	<u>56,000</u>
<i>Other Long-Term Liabilities</i>					
Capital Lease	0	208,267	7,119	201,148	43,882
Compensated Absences	709,315	167,613	117,376	759,552	180,316
<i>Total Other Long-Term Liabilities</i>	<u>709,315</u>	<u>375,880</u>	<u>124,495</u>	<u>960,700</u>	<u>224,198</u>
Total Governmental Activities					
Long-Term Obligations	<u><u>\$4,697,818</u></u>	<u><u>\$672,880</u></u>	<u><u>\$820,746</u></u>	<u><u>\$4,549,952</u></u>	<u><u>\$593,268</u></u>
Business-Type Activities:					
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	\$145,624	\$0	\$10,685	\$134,939	\$11,134
I-90 Sewer	69,194	0	4,157	65,037	4,323
East Conneaut Sewer Phase III	119,089	0	6,158	112,931	6,375
<i>Total Special Assessment OWDA Loans</i>	<u>333,907</u>	<u>0</u>	<u>21,000</u>	<u>312,907</u>	<u>21,832</u>
<i>OWDA Loans</i>					
Wastewater Plant Improvement	341,254	0	35,344	305,910	37,199
Wastewater Plant Improvement	314,737	0	28,478	286,259	31,059
Wastewater	1,112,886	0	164,201	948,685	172,177
Water III	364,333	0	25,020	339,313	26,121
Dechlorination Project	56,999	0	3,965	53,034	4,130
Wastewater Improvement Loan	2,506,009	650,796	0	3,156,805	131,239
<i>Total OWDA Loans</i>	<u>4,696,218</u>	<u>650,796</u>	<u>257,008</u>	<u>5,090,006</u>	<u>401,925</u>
<i>Total OWDA Obligations</i>	<u>5,030,125</u>	<u>650,796</u>	<u>278,008</u>	<u>5,402,913</u>	<u>423,757</u>
<i>OPWC Loans</i>					
East Conneaut Sewer Phase II	1,543	0	772	771	771
Wastewater Treatment Plant	61,962	0	12,393	49,569	12,393
South Conneaut Water Tank	298,375	0	19,250	279,125	19,250
Liberty Water Line	106,635	0	5,924	100,711	5,924
Madison Sanitary Sewer	35,941	0	1,892	34,049	1,892
<i>Total OPWC Loans</i>	<u>504,456</u>	<u>0</u>	<u>40,231</u>	<u>464,225</u>	<u>40,230</u>
<i>Notes Payable</i>					
Prison Water Line Improvement	20,000	0	0	20,000	10,000
<i>General Obligation Bonds</i>					
Water III	880,000	0	70,000	810,000	70,000
Unamortized Premium	1,510	(123)	0	1,387	0
<i>Total Bonds</i>	<u><u>\$881,510</u></u>	<u><u>(\$123)</u></u>	<u><u>\$70,000</u></u>	<u><u>\$811,387</u></u>	<u><u>\$70,000</u></u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

	Outstanding 12/31/2005	Additions	Reductions	Outstanding 12/31/2006	Amount Due In one Year
Business-Type Activities (continued)					
<i>Other Long-Term Liabilities</i>					
Capital Lease	\$0	\$101,000	\$32,430	\$68,570	\$33,819
Compensated Absences	327,756	99,438	82,258	344,936	108,607
<i>Total Other Long-Term Liabilities</i>	<u>327,756</u>	<u>200,438</u>	<u>114,688</u>	<u>413,506</u>	<u>142,426</u>
<i>Total Business-Type Activities</i>					
<i>Long-Term Obligations</i>	<u>\$6,763,847</u>	<u>\$851,111</u>	<u>\$502,927</u>	<u>\$7,112,031</u>	<u>\$686,413</u>

General obligation bonds are direct obligations of the City and will be paid from the bond retirement debt service fund using property tax revenues and from the water fund using operating revenues. Special assessment debt will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OWDA loans will be paid partly with special assessments levied against benefited property owners as well as user charges from the appropriate enterprise fund. The OPWC loans in the enterprise funds will be paid with user charges. The long-term governmental notes will be paid from the general fund, the street construction, maintenance and repair special revenue fund and the street improvement capital projects fund. Compensated absences will be paid from the general, street construction, maintenance and repair, litter control and ambulance special revenue funds and the water and sewer enterprise funds. The business-type notes will be paid with charges for services revenues from the water enterprise fund.

The City has entered into a contractual agreement for a sewer loan from OWDA for the Wastewater Treatment Plant Improvement project in the amount of \$3,563,997, to be paid from the sewer enterprise fund. As of December 31, 2006 the City has received \$3,156,805 of this loan. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administrative costs and construction interest and add them to the total amount of the final loans. Since the loans have not yet been finalized, repayment schedules are not included in the schedule of debt service requirements.

The City's overall legal debt margin was \$16,178,444 with an unvoted debt margin of \$7,365,046 at December 31, 2006. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006, are as follows:

	<i>Governmental Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OPWC Loans	Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2007	\$205,000	\$97,007	\$106,489	\$52,654	\$1,581	\$353,000	\$21,719
2008	205,000	85,355	110,993	48,151	1,582	57,000	4,560
2009	205,000	73,650	115,691	43,453	1,582	57,000	2,280
2010	205,000	61,472	120,589	38,555	1,582	0	0
2011	205,000	49,295	125,700	33,443	1,582	0	0
2012-2016	525,000	132,565	557,013	91,409	7,910	0	0
2017-2021	210,000	15,907	196,523	15,090	7,910	0	0
2022-2026	0	0	0	0	5,525	0	0
Total	<u>\$1,760,000</u>	<u>\$515,251</u>	<u>\$1,332,998</u>	<u>\$322,755</u>	<u>\$29,254</u>	<u>\$467,000</u>	<u>\$28,559</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

<i>Business-Type Activities</i>								
	General Obligation Bonds		Special Assessment Loans		OWDA Loans		OPWC Loans	Notes Payable
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal
2007	\$70,000	\$97,007	\$21,832	\$11,942	\$270,686	\$82,111	\$40,230	\$10,000
2008	70,000	85,355	22,699	11,075	285,136	87,662	39,458	10,000
2009	70,000	73,650	23,601	10,174	300,409	72,389	39,458	0
2010	70,000	61,472	24,539	9,237	316,554	56,244	39,458	0
2011	70,000	49,295	25,513	8,261	333,626	39,173	27,066	
2012-2016	330,000	132,565	143,605	25,264	403,847	51,022	135,330	0
2017-2021	130,000	15,907	51,118	3,713	22,943	495	125,706	0
2022-2026	0	0	0	0	0	0	17,519	0
Total	\$810,000	\$515,251	\$312,907	\$79,666	\$1,933,201	\$389,096	\$464,225	\$20,000

Note 12 – Capital Lease

In 2006, the City entered into a capitalized lease obligation for six new vehicles; four Ford Crown Victorias, an International Dump Truck and a Sewer Camera Truck. The lease meet the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 “Accounting for Lease” and have been recorded on the governmental-wide statements. The original amounts capitalized for the capital leases and the book value as of December 31, 2006 for governmental activities and business-type activities follows:

	Governmental Activities	Business-Type Activities
Asset:		
Vehicles	\$208,266	\$101,000
Less: Accumulated depreciation	29,752	5,050
Current Book Value	\$178,514	\$95,950

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2006.

	Governmental Activities	Business-Type Activity
2007	\$52,618	\$36,207
2008	52,710	36,450
2009	44,444	0
2010	19,616	0
2011	19,616	0
2012-2013	39,398	0
Total Minimum Lease Payments	228,402	72,657
Less: Amount Representing Interest	(27,254)	(4,087)
Present Value of Minimum Lease Payments	\$201,148	\$68,570

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 13 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the City contracted with Love Insurance Company for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
Property/Boilers and Machinery	\$17,820,108
Inland Marine	980,181
Vehicles	
Comprehensive	1,000,000
Collision	646,584
Valuable Papers and Records	100,000
Police	2,000,000
Public Officials	2,000,000
Business Electronics Equipment	193,079
Fire Vehicles and Ambulances	50,900

There were no significant reductions from prior years and claims have not exceeded insurance coverage in any of the last three years.

B. Worker's Compensation

For fiscal year 2006, the City participated in the Ohio Rural Water Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating city is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm Comp Management provides administrative, cost control and actuarial services to the GRP.

Note 14 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$266,183, 233,689 and \$148,496 respectively; 85.25 percent has been contributed for 2006 and 100 percent for 2005 and 2004. There were no contributions to the member-directed plan for 2006.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$99,700 and \$98,109 for the year ended December 31, 2006, \$103,145 and \$94,924 for the year ended December 31, 2005, and \$95,819 and \$90,448 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 74.41 percent and 73.61 percent has been contributed for 2006.

Note 15 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$130,198. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$65,759 for police and \$46,791 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available), was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

Note 16 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2006.

B. Litigation

The City of Conneaut is a party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 17 – Donor Restricted Endowments

The City's private purpose trust fund includes donor-restricted endowments. Net Assets-Endowments of \$15,700 represents the principal portion of the endowment. The amount of interest earnings on donor-restricted investments is available for expenditure by the governing board, for purposes consistent with the endowment's intent. The endowment indicates that the interest should be used for the purchase of flowers to be placed on specific burial plots in the City's cemetery.

Note 18 – Interfund Transfers

The general fund transferred \$25,000, \$750 and \$79,000 to the litter control, tree commission and fire pension special revenue funds, respectively, to provide additional resources for current operations. The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer.

Note 19 – Insurance Purchasing Pool

Ohio Rural Water Association Workers' Compensation Group Rating Plan – The City participates in the Ohio Rural Water Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Board of directors. The board is a self-appointing board that coordinates the program. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 20 – Related Organization

The Conneaut Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the City of Conneaut. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Conneaut Public Library, Mary Zappitelli, Board President, 304 Buffalo Street, Conneaut, Ohio 44030.

Note 21 – Subsequent Event

The City issued a \$197,000, 4.19 percent various purpose note and a \$100,000, 4.19 percent Conneaut Port Authority note on February 8, 2007. These notes mature on February 7, 2008 and was issued to refinance previous notes in which the City issued \$237,500 to finance the purchase of a fire truck, ambulance and street equipment and \$150,000 for acquiring, constructing, reconstructing wharves and landings, recreational and dining facilities comprising a public marina.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

Auto Permissive Tax Fund The Permissive Motor Vehicle License Fund accounts for additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

State Highway Fund The State Highway Fund accounts for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of State highways within the City.

Restaurant Vending Fund The Restaurant Vending Fund accounts for implementing state programs for retail food establishments and for service operations, including vending.

Marina Fund The Marina Fund accounts for the implementation of State programs for licensing and inspecting Marinas.

Enforcement and Education Fund The Enforcement and Education Fund accounts for court fines used to pay costs incurred in educating the public about the dangers of and enforcing the laws against operating a motor vehicle while under the influence of alcohol.

Indigent Drivers Fund The Indigent Drivers Fund accounts for the additional fees levied by the Conneaut Municipal Court under State law. Such funds are to be used in the rehabilitation of DUI indigent citizens.

Cemetery Fund The Cemetery Fund accounts for the operation and maintenance of City owned cemeteries.

Police Levy Fund The Police Levy Fund accounts for a voted property tax operating levy which pays for police officer wages and vehicle acquisition.

Fire Levy Fund The Fire Levy Fund accounts for a voted property tax operating levy which pays for fire fighters wages.

Litter Control Fund The Litter Control Fund accounts for implementing programs to pick up litter and provide recycling services for the citizens.

DARE Grant Fund The DARE Grant Fund accounts for the implementation of the Drug Abuse Resistance Education program and pays for a police officer to conduct the training.

Street Lighting Fund The Street Lighting Fund accounts for the service assessment revenue to provide street lighting within the City.

Tree Commission Fund The Tree Commission Fund accounts for monies received from residents, plus City matching funds, which are used to plant trees and maintain an arboretum within the City.

Demolition Fund The Demolition Fund accounts for money used to demolish dilapidated structures within the City.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Community Housing Fund The Community Housing Fund accounts for repayments of CHIP loans and is used to reinvest in community housing for qualified applicants.

Economic Development Fund The Economic Development Fund makes loans to businesses who wish to expand or purchase new equipment that would create new jobs.

CHIPS Fund The CHIPS Fund accounts for CDBG, HOME, and OHTF funds to provide emergency home repairs, home rehabilitation, down payment assistance, and new construction for qualified applicants.

Ambulance Fund The Ambulance Fund accounts for funds used to operate an ambulance and provide EMS to the citizens of the City.

Recreation Fund The Recreation Fund accounts for funds that are used to maintain the City's parks and provide financial assistance to help the City's sports programs.

Police Pension Fund The Police Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Fire Pension Fund The Fire Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Nonmajor Capital Projects Funds

Capital Projects Funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities.

Street Improvement Fund The Street Improvement Fund accounts for a special property tax levy collected for the improvement of streets and curbs within the City.

Community Development Block Grant Fund The Community Development Block Grant Fund accounts for monies received from the Federal Government and expenditures prescribed under the Community Development Block Grant Program.

Municipal Court Improvement Fund The Municipal Court Improvement Fund accounts for the receipt of specific court fees and related expenditures which are restricted to the purchase of equipment and supplies for the Court.

Fiscal Year 2004 Formula Fund The Fiscal Year 2004 Formula Fund accounts for funds used to construct a new water chlorination system for the water treatment plant.

FEMA Grant Fund The FEMA Grant Fund accounts for monies received from the Federal Emergency Management Agency as a reimbursement of salaries and benefits of firefighters who volunteered to provide assistance in New Orleans after Hurricane Katrina.

Capital Improvement Fund The Capital Improvement Fund accounts for expenditures designated for capital construction and the acquisition of capital assets.

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$932,878	\$202,526	\$1,135,404
Materials and Supplies Inventory	3,255	0	3,255
Accounts Receivable	37,122	3,836	40,958
Intergovernmental Receivable	147,146	150,000	297,146
Property Taxes Receivable	705,621	0	705,621
Municipal Income Taxes Receivable	18,431	103,951	122,382
Loans Receivable	247,051	0	247,051
<i>Total Assets</i>	<u>\$2,091,504</u>	<u>\$460,313</u>	<u>\$2,551,817</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$19,788	\$3,219	\$23,007
Contracts Payable	0	4,565	4,565
Accrued Wages and Benefits	2,216	0	2,216
Intergovernmental Payable	94,523	658	95,181
Accrued Interest Payable	0	1,714	1,714
Deferred Revenue	842,753	43,942	886,695
Notes Payable	0	50,000	50,000
<i>Total Liabilities</i>	<u>959,280</u>	<u>104,098</u>	<u>1,063,378</u>
Fund Balances			
Reserved for Encumbrances	8,993	1,384	10,377
Reserved for Loans Receivable	224,260	0	224,260
Unreserved			
Undesignated, Reported in:			
Special Revenue Funds	898,971	0	898,971
Capital Projects Funds	0	354,831	354,831
<i>Total Fund Balances</i>	<u>1,132,224</u>	<u>356,215</u>	<u>1,488,439</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,091,504</u>	<u>\$460,313</u>	<u>\$2,551,817</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property and Other Taxes	\$706,401	\$0	\$706,401
Municipal Income Taxes	54,929	271,752	326,681
Intergovernmental	584,203	184,819	769,022
Fees, Licenses and Permits	26,693	0	26,693
Fines and Forfeitures	3,801	53,787	57,588
Rentals	32,750	0	32,750
Charges for Services	271,371	0	271,371
Contributions and Donations	25,133	0	25,133
Interest	21,689	0	21,689
Other	38,704	0	38,704
<i>Total Revenues</i>	<u>1,765,674</u>	<u>510,358</u>	<u>2,276,032</u>
Expenditures			
Current:			
Security of Persons and Property	1,143,233	0	1,143,233
Public Health Services	33,980	0	33,980
Leisure Time Activities	85,259	0	85,259
Community Development	387,342	0	387,342
Basic Utility Services	32,500	0	32,500
Transportation	177,056	0	177,056
Capital Outlay	0	445,600	445,600
Debt Service:			
Principal Retirement - Current Refunding	0	50,000	50,000
Interest and Fiscal Charges	0	5,830	5,830
<i>Total Expenditures</i>	<u>1,859,370</u>	<u>501,430</u>	<u>2,360,800</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(93,696)</u>	<u>8,928</u>	<u>(84,768)</u>
Other Financing Sources (Uses)			
General Obligation Notes Issued	0	100,000	100,000
Current Refunding	0	(100,000)	(100,000)
Transfers In	104,750	0	104,750
<i>Total Other Financing Sources (Uses)</i>	<u>104,750</u>	<u>0</u>	<u>104,750</u>
<i>Net Change in Fund Balances</i>	11,054	8,928	19,982
<i>Fund Balances Beginning of Year</i>	<u>1,121,170</u>	<u>347,287</u>	<u>1,468,457</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,132,224</u></u>	<u><u>\$356,215</u></u>	<u><u>\$1,488,439</u></u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$0	\$10,008	\$3,894	\$3,969
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	67,134	18,402	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$67,134</u>	<u>\$28,410</u>	<u>\$3,894</u>	<u>\$3,969</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	325	0
Deferred Revenue	46,797	12,140	0	0
<i>Total Liabilities</i>	<u>46,797</u>	<u>12,140</u>	<u>325</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated (Deficit)	20,337	16,270	3,569	3,969
<i>Total Fund Balances (Deficit)</i>	<u>20,337</u>	<u>16,270</u>	<u>3,569</u>	<u>3,969</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$67,134</u>	<u>\$28,410</u>	<u>\$3,894</u>	<u>\$3,969</u>

<u>Enforcement and Education</u>	<u>Indigent Drivers</u>	<u>Cemetery</u>	<u>Police Levy</u>	<u>Fire Levy</u>	<u>Litter Control</u>	<u>DARE Grant</u>
\$14,271	\$33,222	\$2,186	\$3,546	\$3,891	\$1,591	\$15,232
0	0	0	0	0	0	0
212	180	0	0	0	0	0
0	0	0	25,788	12,894	0	0
0	0	0	309,777	154,889	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$14,483</u>	<u>\$33,402</u>	<u>\$2,186</u>	<u>\$339,111</u>	<u>\$171,674</u>	<u>\$1,591</u>	<u>\$15,232</u>
\$0	\$0	\$281	\$0	\$0	\$0	\$0
0	0	651	0	0	669	0
0	0	934	0	0	1,495	0
0	0	0	324,495	162,248	0	0
<u>0</u>	<u>0</u>	<u>1,866</u>	<u>324,495</u>	<u>162,248</u>	<u>2,164</u>	<u>0</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
14,483	33,402	320	14,616	9,426	(573)	15,232
<u>14,483</u>	<u>33,402</u>	<u>320</u>	<u>14,616</u>	<u>9,426</u>	<u>(573)</u>	<u>15,232</u>
<u>\$14,483</u>	<u>\$33,402</u>	<u>\$2,186</u>	<u>\$339,111</u>	<u>\$171,674</u>	<u>\$1,591</u>	<u>\$15,232</u>

(continued)

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	<u>Street Lighting</u>	<u>Tree Commission</u>	<u>Demolition</u>	<u>Community Housing</u>
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$810	\$1,893	\$255	\$153,734
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	9,983	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$10,793</u>	<u>\$1,893</u>	<u>\$255</u>	<u>\$153,734</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	4,220	0	0	0
<i>Total Liabilities</i>	<u>4,220</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated (Deficit)	6,573	1,893	255	153,734
<i>Total Fund Balances (Deficit)</i>	<u>6,573</u>	<u>1,893</u>	<u>255</u>	<u>153,734</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,793</u>	<u>\$1,893</u>	<u>\$255</u>	<u>\$153,734</u>

<u>Economic Development</u>	<u>CHIPS</u>	<u>Ambulance</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$247,051	\$500	\$348,690	\$27,543	\$59,623	\$969	\$932,878
0	0	3,255	0	0	0	3,255
0	0	36,730	0	0	0	37,122
0	0	0	3,361	13,588	5,979	147,146
0	0	0	0	167,330	73,625	705,621
0	0	0	8,448	0	0	18,431
<u>247,051</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>247,051</u>
<u>\$494,102</u>	<u>\$500</u>	<u>\$388,675</u>	<u>\$39,352</u>	<u>\$240,541</u>	<u>\$80,573</u>	<u>\$2,091,504</u>
\$0	\$0	\$18,620	\$887	\$0	\$0	\$19,788
0	0	715	181	0	0	2,216
0	0	10,079	891	43,797	37,002	94,523
<u>0</u>	<u>0</u>	<u>36,730</u>	<u>3,571</u>	<u>175,383</u>	<u>77,169</u>	<u>842,753</u>
<u>0</u>	<u>0</u>	<u>66,144</u>	<u>5,530</u>	<u>219,180</u>	<u>114,171</u>	<u>959,280</u>
0	0	7,228	1,765	0	0	8,993
224,260	0	0	0	0	0	224,260
<u>269,842</u>	<u>500</u>	<u>315,303</u>	<u>32,057</u>	<u>21,361</u>	<u>(33,598)</u>	<u>898,971</u>
<u>494,102</u>	<u>500</u>	<u>322,531</u>	<u>33,822</u>	<u>21,361</u>	<u>(33,598)</u>	<u>1,132,224</u>
<u>\$494,102</u>	<u>\$500</u>	<u>\$388,675</u>	<u>\$39,352</u>	<u>\$240,541</u>	<u>\$80,573</u>	<u>\$2,091,504</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0
Intergovernmental	141,568	38,584	0	0
Fees, Licenses and Permits	0	0	16,935	555
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	0	0	0
Interest	1,498	730	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>143,066</u>	<u>39,314</u>	<u>16,935</u>	<u>555</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	381
Community Development	0	0	17,817	0
Basic Utility Services	0	0	0	0
Transportation	144,951	32,105	0	0
<i>Total Expenditures</i>	<u>144,951</u>	<u>32,105</u>	<u>17,817</u>	<u>381</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,885)	7,209	(882)	174
Other Financing Sources				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	(1,885)	7,209	(882)	174
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>22,222</u>	<u>9,061</u>	<u>4,451</u>	<u>3,795</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$20,337</u></u>	<u><u>\$16,270</u></u>	<u><u>\$3,569</u></u>	<u><u>\$3,969</u></u>

Enforcement and Education	Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	DARE Grant
\$0	\$0	\$0	\$314,289	\$157,144	\$0	\$0
0	0	0	0	0	0	0
0	0	0	44,821	22,410	22,965	13,752
0	0	30	0	0	0	0
1,801	2,000	0	0	0	0	0
0	0	0	0	0	0	0
0	0	29,150	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	2,325	0	0	0	0	0
<u>1,801</u>	<u>4,325</u>	<u>29,180</u>	<u>359,110</u>	<u>179,554</u>	<u>22,965</u>	<u>13,752</u>
0	0	0	351,647	173,774	0	0
0	1,260	0	0	0	0	0
0	0	0	0	0	0	0
0	0	32,223	0	0	50,246	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>1,260</u>	<u>32,223</u>	<u>351,647</u>	<u>173,774</u>	<u>50,246</u>	<u>0</u>
1,801	3,065	(3,043)	7,463	5,780	(27,281)	13,752
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>
1,801	3,065	(3,043)	7,463	5,780	(2,281)	13,752
<u>12,682</u>	<u>30,337</u>	<u>3,363</u>	<u>7,153</u>	<u>3,646</u>	<u>1,708</u>	<u>1,480</u>
<u>\$14,483</u>	<u>\$33,402</u>	<u>\$320</u>	<u>\$14,616</u>	<u>\$9,426</u>	<u>(\$573)</u>	<u>\$15,232</u>

(continued)

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2006

	Street Lighting	Tree Commission	Demolition	Community Housing
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	29,733	0	0	0
Intergovernmental	0	0	0	14,357
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	763	0	0
Interest	0	0	0	8,158
Other	1,856	0	0	0
<i>Total Revenues</i>	<u>31,589</u>	<u>763</u>	<u>0</u>	<u>22,515</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Public Health Services	0	0	0	32,720
Leisure Time Activities	0	0	0	0
Community Development	0	100	0	0
Basic Utility Services	32,500	0	0	0
Transportation	0	0	0	0
<i>Total Expenditures</i>	<u>32,500</u>	<u>100</u>	<u>0</u>	<u>32,720</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(911)	663	0	(10,205)
Other Financing Sources				
Transfers In	0	750	0	0
<i>Net Change in Fund Balances</i>	(911)	1,413	0	(10,205)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>7,484</u>	<u>480</u>	<u>255</u>	<u>163,939</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$6,573</u></u>	<u><u>\$1,893</u></u>	<u><u>\$255</u></u>	<u><u>\$153,734</u></u>

Economic Development	CHIPS	Ambulance	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$163,172	\$71,796	\$706,401
0	0	0	25,196	0	0	54,929
2,334	222,729	0	12,042	30,727	17,914	584,203
0	0	0	9,173	0	0	26,693
0	0	0	0	0	0	3,801
0	0	0	32,750	0	0	32,750
0	0	242,221	0	0	0	271,371
0	0	22,515	1,855	0	0	25,133
11,303	0	0	0	0	0	21,689
0	0	34,456	67	0	0	38,704
<u>13,637</u>	<u>222,729</u>	<u>299,192</u>	<u>81,083</u>	<u>193,899</u>	<u>89,710</u>	<u>1,765,674</u>
0	0	244,715	0	202,626	170,471	1,143,233
0	0	0	0	0	0	33,980
0	0	0	84,878	0	0	85,259
2,560	284,396	0	0	0	0	387,342
0	0	0	0	0	0	32,500
0	0	0	0	0	0	177,056
<u>2,560</u>	<u>284,396</u>	<u>244,715</u>	<u>84,878</u>	<u>202,626</u>	<u>170,471</u>	<u>1,859,370</u>
11,077	(61,667)	54,477	(3,795)	(8,727)	(80,761)	(93,696)
0	0	0	0	0	79,000	104,750
11,077	(61,667)	54,477	(3,795)	(8,727)	(1,761)	11,054
483,025	62,167	268,054	37,617	30,088	(31,837)	1,121,170
<u>\$494,102</u>	<u>\$500</u>	<u>\$322,531</u>	<u>\$33,822</u>	<u>\$21,361</u>	<u>(\$33,598)</u>	<u>\$1,132,224</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	Street Improvement	Community Development Block Grant	Municipal Court Improvement
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,812	\$2,051	\$170,463
Accounts Receivable	0	0	3,836
Intergovernmental Receivable	150,000	0	0
Municipal Income Taxes Receivable	88,591	0	0
<i>Total Assets</i>	<u>\$243,403</u>	<u>\$2,051</u>	<u>\$174,299</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$2,953
Contracts Payable	0	0	0
Intergovernmental Payable	0	0	658
Accrued Interest Payable	1,714	0	0
Deferred Revenue	37,449	0	0
Notes Payable	50,000	0	0
<i>Total Liabilities</i>	<u>89,163</u>	<u>0</u>	<u>3,611</u>
Fund Balances			
Reserved for Encumbrances	0	0	50
Unreserved, Undesignated	154,240	2,051	170,638
<i>Total Fund Balances</i>	<u>154,240</u>	<u>2,051</u>	<u>170,688</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$243,403</u>	<u>\$2,051</u>	<u>\$174,299</u>

Fiscal Year 2004 Formula	Capital Improvement	Total Nonmajor Capital Projects Funds
\$500	\$24,700	\$202,526
0	0	3,836
0	0	150,000
0	15,360	103,951
<u>\$500</u>	<u>\$40,060</u>	<u>\$460,313</u>
\$0	\$266	\$3,219
0	4,565	4,565
0	0	658
0	0	1,714
0	6,493	43,942
0	0	50,000
<u>0</u>	<u>11,324</u>	<u>104,098</u>
0	1,334	1,384
500	27,402	354,831
<u>500</u>	<u>28,736</u>	<u>356,215</u>
<u>\$500</u>	<u>\$40,060</u>	<u>\$460,313</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2006

	Street Improvement	Community Development Block Grant	Municipal Court Improvement
Revenues			
Municipal Income Taxes	\$225,921	\$0	\$0
Intergovernmental	5,800	0	0
Fines and Forfeitures	0	0	53,787
<i>Total Revenues</i>	<u>231,721</u>	<u>0</u>	<u>53,787</u>
Expenditures			
Current:			
Capital Outlay	169,967	0	37,830
Debt Service:			
Principal Retirement - Current Refunding	50,000	0	0
Interest and Fiscal Charges	5,830	0	0
<i>Total Expenditures</i>	<u>225,797</u>	<u>0</u>	<u>37,830</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,924</u>	<u>0</u>	<u>15,957</u>
Other Financing Sources (Uses)			
General Obligation Notes Issued	100,000	0	0
Current Refunding	(100,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	5,924	0	15,957
<i>Fund Balances Beginning of Year</i>	<u>148,316</u>	<u>2,051</u>	<u>154,731</u>
<i>Fund Balances End of Year</i>	<u>\$154,240</u>	<u>\$2,051</u>	<u>\$170,688</u>

Fiscal Year 2004 Formula	FEMA Grant	Capital Improvement	Total Nonmajor Capital Projects Funds
\$0	\$0	\$45,831	\$271,752
153,700	25,319	0	184,819
0	0	0	53,787
153,700	25,319	45,831	510,358
166,420	25,319	46,064	445,600
0	0	0	50,000
0	0	0	5,830
166,420	25,319	46,064	501,430
(12,720)	0	(233)	8,928
0	0	0	100,000
0	0	0	(100,000)
0	0	0	0
(12,720)	0	(233)	8,928
13,220	0	28,969	347,287
\$500	\$0	\$28,736	\$356,215

Combining Statement – Fiduciary Funds

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City's only trust fund is the Cemetery Private Purpose Trust fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Private Purpose Trust Fund

Cemetery Trust Fund – This fund accounts for the purchase of flowers to be placed on specific burial plots in the City's cemetery through an endowment.

Agency Fund

Deposits Fund – This fund accounts for deposits from the municipal court to be distributed to the State.

City of Conneaut, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2006

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,703	\$68,037	\$65,437	\$5,303
Cash and Cash Equivalents In Segregated Accounts	13,497	2,002	0	15,499
<i>Total Assets</i>	<u>\$16,200</u>	<u>\$70,039</u>	<u>\$65,437</u>	<u>\$20,802</u>
Liabilities				
Deposits Held and Due to Others	\$16,200	\$70,039	\$65,437	\$20,802

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual**

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$385,900	\$385,900	\$411,757	\$25,857
Municipal Income Taxes	2,010,500	2,010,500	1,996,236	(14,264)
Special Assessments	25,723	25,723	30,998	5,275
Intergovernmental	882,577	957,577	1,006,357	48,780
Fees, Licenses and Permits	330,965	191,965	209,575	17,610
Fines and Forfeitures	44,130	183,130	171,914	(11,216)
Rentals	17,000	17,000	17,000	0
Contributions and Donations	6,500	6,500	21,508	15,008
Interest	80,000	80,000	124,651	44,651
Other	115,860	115,860	131,662	15,802
<i>Total Revenues</i>	3,899,155	3,974,155	4,121,658	147,503
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	57,650	58,270	49,334	8,936
Materials and Supplies	1,050	1,050	764	286
Contractual Services	5,420	6,020	4,889	1,131
Total Council	64,120	65,340	54,987	10,353
Clerk of Council				
Personal Services	6,680	6,680	6,672	8
City Manager				
Personal Services	100,837	102,947	86,316	16,631
Materials and Supplies	3,705	3,705	3,341	364
Contractual Services	3,700	3,900	3,886	14
Capital Outlay	10,500	10,500	7,776	2,724
Total City Manager	118,742	121,052	101,319	19,733
Finance Office				
Personal Services	158,890	161,408	158,948	2,460
Materials and Supplies	18,618	19,117	18,005	1,112
Contractual Services	4,600	4,600	3,746	854
Capital Outlay	2,500	2,001	2,001	0
Total Finance Office	\$184,608	\$187,126	\$182,700	\$4,426

(continued)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Law Director				
Personal Services	\$150,270	\$152,359	\$149,865	\$2,494
Materials and Supplies	3,251	3,251	2,696	555
Contractual Services	10,800	10,800	4,657	6,143
Capital Outlay	500	500	260	240
Total Law Director	<u>164,821</u>	<u>166,910</u>	<u>157,478</u>	<u>9,432</u>
Civil Service				
Personal Services	5,350	5,419	5,419	0
Materials and Supplies	2,000	2,000	931	1,069
Contractual Services	1,500	1,500	1,209	291
Total Civil Service	<u>8,850</u>	<u>8,919</u>	<u>7,559</u>	<u>1,360</u>
Court				
Personal Services	327,072	332,192	320,010	12,182
Materials and Supplies	16,730	16,730	12,606	4,124
Contractual Services	20,000	20,000	14,650	5,350
Purchased Services	1,100	1,100	541	559
Capital Outlay	2,000	2,000	1,101	899
Total Court	<u>366,902</u>	<u>372,022</u>	<u>348,908</u>	<u>23,114</u>
City Hall				
Personal Services	37,660	39,021	36,120	2,901
Materials and Supplies	16,400	19,400	18,472	928
Contractual Services	9,000	8,200	8,177	23
Purchased Services	12,500	14,500	14,500	0
Total City Hall	<u>75,560</u>	<u>81,121</u>	<u>77,269</u>	<u>3,852</u>
Planning Commission				
Personal Services	1,000	1,000	730	270
Materials and Supplies	200	200	11	189
Total Planning Commission	<u>\$1,200</u>	<u>\$1,200</u>	<u>\$741</u>	<u>\$459</u>
Reserve Fund				
Contractual Services	39,201	34,274	32,273	2,001
Purchased Services	69,000	78,000	77,945	55
Capital Outlay	9,505	10,432	10,432	0
Total Reserve Fund	<u>\$117,706</u>	<u>\$122,706</u>	<u>\$120,650</u>	<u>\$2,056</u>

(continued)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Services				
Personal Services	\$12,855	\$13,930	\$13,926	\$4
Materials and Supplies	0	500	452	48
Contractual Services	43,900	48,900	46,590	2,310
Capital Outlay	102,000	98,000	25,301	72,699
Other	51,000	81,900	72,168	9,732
Total General Services	209,755	243,230	158,437	84,793
Total General Government	1,318,944	1,376,306	1,216,720	159,586
Security of Persons and Property				
Police Department:				
Personal Services	1,108,000	1,096,691	1,001,432	95,259
Materials and Supplies	75,022	78,022	67,477	10,545
Contractual Services	49,768	49,536	42,506	7,030
Purchased Services	35,637	37,137	35,927	1,210
Capital Outlay	108,301	137,601	126,697	10,904
Other	1,000	500	0	500
Total Police Department	1,377,728	1,399,487	1,274,039	125,448
Jail				
Personal Services	108,450	107,000	84,429	22,571
Materials and Supplies	3,000	4,000	3,945	55
Purchased Services	16,955	16,955	15,554	1,401
Capital Outlay	3,000	5,600	4,970	630
Other	5,000	5,500	5,366	134
Total Jail	136,405	139,055	114,264	24,791
Fire Department:				
Fire Department #1				
Personal Services	655,800	661,366	636,324	25,042
Materials and Supplies	29,938	30,041	28,532	1,509
Contractual Services	17,300	17,300	15,277	2,023
Purchased Services	17,348	22,348	21,251	1,097
Capital Outlay	8,629	8,629	8,625	4
Total Fire Department #1	729,015	739,684	710,009	29,675
Fire Department #3				
Personal Services	38,200	42,358	42,356	2
Materials and Supplies	4,600	4,600	4,018	582
Contractual Services	2,500	2,500	1,665	835
Purchased Services	4,500	4,500	2,664	1,836
Capital Outlay	1,500	1,500	928	572
Total Fire Department #3	\$51,300	\$55,458	\$51,631	\$3,827

City of Conneaut, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fire Department #4				
Personal Services	\$30,400	\$31,918	\$31,474	\$444
Materials and Supplies	10,160	10,160	9,432	728
Contractual Services	2,400	2,400	737	1,663
Purchased Services	18,000	18,000	17,327	673
Capital Outlay	2,819	2,819	2,671	148
Total Fire Department #4	<u>63,779</u>	<u>65,297</u>	<u>61,641</u>	<u>3,656</u>
Total Security of Persons and Property	<u>2,358,227</u>	<u>2,398,981</u>	<u>2,211,584</u>	<u>187,397</u>
Public Health Services				
Street Lighting				
Purchased Services	85,000	99,500	99,500	0
Health Department				
Personal Services	171,915	177,875	175,552	2,323
Materials and Supplies	4,400	4,400	3,721	679
Contractual Services	30,803	42,941	30,571	12,370
Purchased Services	13,959	14,559	12,443	2,116
Capital Outlay	1,401	1,401	1,004	397
Total Health Department	<u>222,478</u>	<u>241,176</u>	<u>223,291</u>	<u>17,885</u>
Total Public Health Services	<u>307,478</u>	<u>340,676</u>	<u>322,791</u>	<u>17,885</u>
Leisure Time Activities:				
Museum Railroad				
Purchased Service	4,500	4,500	2,551	1,949
Bureau of Tourism				
Personal Services	4,325	4,325	3,790	535
Contractual Services	2,000	2,000	2,000	0
Total Bureau of Tourism	<u>6,325</u>	<u>6,325</u>	<u>5,790</u>	<u>535</u>
Total Leisure Time Activities	<u>10,825</u>	<u>10,825</u>	<u>8,341</u>	<u>2,484</u>
Community Development:				
Housing and Zoning:				
Personal Services	67,645	89,690	77,514	12,176
Materials and Supplies	3,744	4,144	2,981	1,163
Contractual Services	1,600	1,600	1,115	485
Purchased Services	4,776	4,776	4,090	686
Capital Outlay	750	750	183	567
Total Community Development	<u>\$78,515</u>	<u>\$100,960</u>	<u>\$85,883</u>	<u>\$15,077</u>

(continued)

City of Conneaut, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Debt Service				
Principal Retirement	\$330,000	\$330,000	\$330,000	\$0
Interest and Fiscal Charges	17,401	17,503	17,470	33
Total Debt Service	<u>347,401</u>	<u>347,503</u>	<u>347,470</u>	<u>33</u>
<i>Total Expenditures</i>	<u>4,421,390</u>	<u>4,575,251</u>	<u>4,192,789</u>	<u>382,462</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(522,235)</u>	<u>(601,096)</u>	<u>(71,131)</u>	<u>529,965</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	8,840	8,840	10,000	1,160
General Obligation Notes Issued	280,000	280,000	280,000	0
Transfers Out	(158,750)	(158,750)	(104,750)	54,000
<i>Total Other Financing Sources (Uses)</i>	<u>130,090</u>	<u>130,090</u>	<u>185,250</u>	<u>55,160</u>
<i>Net Change in Fund Balance</i>	<u>(392,145)</u>	<u>(471,006)</u>	<u>114,119</u>	<u>585,125</u>
<i>Fund Balance Beginning of Year</i>	429,617	429,617	429,617	0
Prior Year Encumbrances Appropriated	<u>45,947</u>	<u>45,947</u>	<u>45,947</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$83,419</u></u>	<u><u>\$4,558</u></u>	<u><u>\$589,683</u></u>	<u><u>\$585,125</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$837,200	\$837,200	\$831,329	(\$5,871)
Special Assessments	11,451	11,451	11,451	0
Intergovernmental	469,249	469,249	494,911	25,662
Fees, Licenses and Permits	0	0	4,300	4,300
Interest	150	150	1,220	1,070
Other	120,000	120,000	116,514	(3,486)
<i>Total Revenues</i>	<u>1,438,050</u>	<u>1,438,050</u>	<u>1,459,725</u>	<u>21,675</u>
Expenditures				
Current:				
Transportation:				
Street Department				
Personal Services	923,173	916,003	860,249	55,754
Materials and Supplies	296,943	314,243	301,691	12,552
Purchased Services	130,036	146,036	117,596	28,440
Contractual Services	28,040	27,040	23,998	3,042
Capital Outlay	134,365	143,065	139,294	3,771
Total Transportation	<u>1,512,557</u>	<u>1,546,387</u>	<u>1,442,828</u>	<u>103,559</u>
Debt Service:				
Principal Retirement	255,081	249,581	249,581	0
Interest and Fiscal Charges	10,392	7,192	7,192	0
Total Debt Service	<u>265,473</u>	<u>256,773</u>	<u>256,773</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,778,030</u>	<u>1,803,160</u>	<u>1,699,601</u>	<u>103,559</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(339,980)</u>	<u>(365,110)</u>	<u>(239,876)</u>	<u>125,234</u>
Other Financing Sources				
General Obligation Notes Issued	207,500	207,500	207,500	0
Transfers In	24,000	24,000	0	(24,000)
<i>Total Other Financing Sources</i>	<u>231,500</u>	<u>231,500</u>	<u>207,500</u>	<u>(24,000)</u>
<i>Net Change in Fund Balance</i>	(108,480)	(133,610)	(32,376)	101,234
<i>Fund Balance Beginning of Year</i>	122,871	122,871	122,871	0
Prior Year Encumbrances Appropriated	11,514	11,514	11,514	0
<i>Fund Balance End of Year</i>	<u>\$25,905</u>	<u>\$775</u>	<u>\$102,009</u>	<u>\$101,234</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$283,402	\$283,402	\$310,593	\$27,191
Intergovernmental	30,601	30,601	30,601	0
<i>Total Revenues</i>	314,003	314,003	341,194	27,191
Expenditures				
Current:				
General Government:				
General Obligation Bond Retirement				
Contractual Services	4,000	4,000	1,071	2,929
Other	11,000	11,000	6,050	4,950
Total General Government	15,000	15,000	7,121	7,879
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	108,660	108,660	108,660	0
Total Debt Service	313,660	313,660	313,660	0
<i>Total Expenditures</i>	328,660	328,660	320,781	7,879
<i>Net Change in Fund Balance</i>	(14,657)	(14,657)	20,413	35,070
<i>Fund Balance Beginning of Year</i>	548,375	548,375	548,375	0
<i>Fund Balance End of Year</i>	\$533,718	\$533,718	\$568,788	\$35,070

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$122,779	\$122,779	\$124,253	\$1,474
Intergovernmental	5,921	5,921	5,921	0
<i>Total Revenues</i>	128,700	128,700	130,174	1,474
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement				
Other	5,305	9,096	8,541	555
Debt Service:				
Principal Retirement	103,128	103,128	102,170	958
Interest and Fiscal Charges	57,601	57,601	52,790	4,811
Total Debt Service	160,729	160,729	154,960	5,769
<i>Total Expenditures</i>	166,034	169,825	163,501	6,324
<i>Net Change in Fund Balance</i>	(37,334)	(41,125)	(33,327)	7,798
<i>Fund Balance Beginning of Year</i>	264,369	264,369	264,369	0
<i>Fund Balance End of Year</i>	\$227,035	\$223,244	\$231,042	\$7,798

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,904,832	\$1,904,832	\$1,779,200	(\$125,632)
Tap-In Fees	24,000	24,000	10,515	(13,485)
Special Assessments	1,977	1,977	1,977	0
Intergovernmental	76,478	76,478	30,075	(46,403)
Rentals	5,400	5,400	5,400	0
Other	2,100	2,100	4,442	2,342
<i>Total Revenues</i>	<u>2,014,787</u>	<u>2,014,787</u>	<u>1,831,609</u>	<u>(183,178)</u>
Expenses				
Personal Services	998,838	1,016,707	984,481	32,226
Purchased Services	449,628	457,128	341,184	115,944
Contractual Services	162,927	176,427	133,698	42,729
Materials and Supplies	59,094	65,794	46,667	19,127
Capital Outlay	213,193	240,593	228,760	11,833
Other	2,500	2,500	1,060	1,440
Debt Service:				
Principal Retirement	130,195	130,195	120,194	10,001
Interest and Fiscal Charges	58,970	58,970	58,969	1
<i>Total Expenses</i>	<u>2,075,345</u>	<u>2,148,314</u>	<u>1,915,013</u>	<u>233,301</u>
<i>Net Change in Fund Equity</i>	(60,558)	(133,527)	(83,404)	50,123
<i>Fund Equity Beginning of Year</i>	175,348	175,348	175,348	0
Prior Year Encumbrances Appropriated	24,087	24,087	24,087	0
<i>Fund Equity End of Year</i>	<u>\$138,877</u>	<u>\$65,908</u>	<u>\$116,031</u>	<u>\$50,123</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,009,041	\$2,000,541	\$1,843,764	(\$156,777)
Tap-In Fees	24,000	24,000	5,000	(19,000)
Special Assessments	0	8,263	4,609	(3,654)
Intergovernmental	25,190	25,190	10,615	(14,575)
OWDA Loans Issued	1,373,162	1,373,162	650,796	(722,366)
General Obligation Notes Issued	180,000	180,000	180,000	0
Other	104,000	104,237	40,123	(64,114)
<i>Total Revenues</i>	<u>3,715,393</u>	<u>3,715,393</u>	<u>2,734,907</u>	<u>(980,486)</u>
Expenses				
Personal Services	764,909	778,299	735,102	43,197
Purchased Services	1,422,281	1,422,881	488,253	934,628
Contractual Services	131,507	142,063	85,479	56,584
Materials and Supplies	105,449	110,649	99,370	11,279
Capital Outlay	1,040,881	1,040,881	995,656	45,225
Other	3,850	3,850	2,245	1,605
Debt Service:				
Principal Retirement	500,986	470,645	468,045	2,600
Interest and Fiscal Charges	123,840	154,245	147,111	7,134
<i>Total Expenses</i>	<u>4,093,703</u>	<u>4,123,513</u>	<u>3,021,261</u>	<u>1,102,252</u>
<i>Net Change in Fund Equity</i>	(378,310)	(408,120)	(286,354)	121,766
<i>Fund Equity Beginning of Year</i>	158,541	158,541	158,541	0
Prior Year Encumbrances Appropriated	395,271	395,271	395,271	0
<i>Fund Equity End of Year</i>	<u>\$175,502</u>	<u>\$145,692</u>	<u>\$267,458</u>	<u>\$121,766</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Auto Permissive Tax Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$149,000	\$149,000	\$143,453	(\$5,547)
Interest	70	70	1,498	1,428
<i>Total Revenues</i>	149,070	149,070	144,951	(4,119)
Expenditures				
Current:				
Transportation:				
Auto Permissive				
Personal Services	131,000	134,000	132,951	1,049
Materials and Supplies	15,000	12,000	12,000	0
<i>Total Expenditures</i>	146,000	146,000	144,951	1,049
<i>Net Change in Fund Balance</i>	3,070	3,070	0	(3,070)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$3,070	\$3,070	\$0	(\$3,070)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$37,000	\$37,000	\$39,069	\$2,069
Interest	0	0	730	730
<i>Total Revenues</i>	<u>37,000</u>	<u>37,000</u>	<u>39,799</u>	<u>2,799</u>
Expenditures				
Current:				
Transportation:				
State Highway				
Personal Services	29,000	29,000	29,000	0
Materials and Supplies	1,500	1,500	122	1,378
Purchased Services	2,500	2,500	1,605	895
Capital Outlay	2,728	2,728	1,378	1,350
<i>Total Expenditures</i>	<u>35,728</u>	<u>35,728</u>	<u>32,105</u>	<u>3,623</u>
<i>Net Change in Fund Balance</i>	1,272	1,272	7,694	6,422
<i>Fund Balance Beginning of Year</i>	2,086	2,086	2,086	0
Prior Year Encumbrances Appropriated	<u>228</u>	<u>228</u>	<u>228</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,586</u></u>	<u><u>\$3,586</u></u>	<u><u>\$10,008</u></u>	<u><u>\$6,422</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Restaurant Vending Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$17,185	\$17,185	\$16,935	(\$250)
Expenditures				
Current:				
Community Development:				
Restaurant Vending				
Personal Services	16,712	16,937	15,178	1,759
Materials and Supplies	200	200	200	0
Contractual Services	3,700	3,700	2,314	1,386
Purchased Services	150	150	150	0
<i>Total Expenditures</i>	<u>20,762</u>	<u>20,987</u>	<u>17,842</u>	<u>3,145</u>
<i>Net Change in Fund Balance</i>	(3,577)	(3,802)	(907)	2,895
<i>Fund Balance Beginning of Year</i>	<u>4,801</u>	<u>4,801</u>	<u>4,801</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,224</u></u>	<u><u>\$999</u></u>	<u><u>\$3,894</u></u>	<u><u>\$2,895</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Marina Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$500	\$500	\$555	\$55
Expenditures				
Current:				
Leisure Time Activities:				
Marina				
Contractual Services	500	500	381	119
<i>Net Change in Fund Balance</i>	0	0	174	174
<i>Fund Balance Beginning of Year</i>	3,795	3,795	3,795	0
<i>Fund Balance End of Year</i>	\$3,795	\$3,795	\$3,969	\$174

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,500	\$1,500	\$1,824	\$324
Expenditures				
Current:				
Community Development:				
Enforcement and Education				
Contractual Services	6,000	6,000	0	6,000
<i>Net Change in Fund Balance</i>	(4,500)	(4,500)	1,824	6,324
<i>Fund Balance Beginning of Year</i>	12,447	12,447	12,447	0
<i>Fund Balance End of Year</i>	\$7,947	\$7,947	\$14,271	\$6,324

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,700	\$1,700	\$2,195	\$495
Other	1,300	1,300	2,325	1,025
<i>Total Revenues</i>	3,000	3,000	4,520	1,520
Expenditures				
Current:				
Public Health Services:				
Indigent Drivers				
Contractual Services	7,000	7,000	1,260	5,740
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	3,260	7,260
<i>Fund Balance Beginning of Year</i>	29,962	29,962	29,962	0
<i>Fund Balance End of Year</i>	\$25,962	\$25,962	\$33,222	\$7,260

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$50	\$50	\$30	(\$20)
Charges for Services	30,950	30,950	29,150	(1,800)
<i>Total Revenues</i>	31,000	31,000	29,180	(1,820)
Expenditures				
Current:				
Community Development:				
Cemetery				
Personal Services	26,700	26,700	25,041	1,659
Materials and Supplies	1,000	1,000	1,000	0
Contractual Services	1,550	1,550	1,102	448
Purchased Services	5,290	5,290	5,111	179
Capital Outlay	1,000	1,000	166	834
<i>Total Expenditures</i>	35,540	35,540	32,420	3,120
<i>Net Change in Fund Balance</i>	(4,540)	(4,540)	(3,240)	1,300
<i>Fund Balance at Beginning of Year</i>	5,136	5,136	5,136	0
Prior Year Encumbrances Appropriated	290	290	290	0
<i>Fund Balance End of Year</i>	\$886	\$886	\$2,186	\$1,300

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Levy Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$307,400	\$307,400	\$314,289	\$6,889
Intergovernmental	39,450	39,450	33,751	(5,699)
<i>Total Revenues</i>	346,850	346,850	348,040	1,190
Expenditures				
Current:				
Security of Persons and Property:				
Police Levy				
Personal Services	306,700	337,711	337,711	0
Other	45,200	14,189	13,936	253
<i>Total Expenditures</i>	351,900	351,900	351,647	253
<i>Net Change in Fund Balance</i>	(5,050)	(5,050)	(3,607)	1,443
<i>Fund Balance Beginning of Year</i>	7,153	7,153	7,153	0
<i>Fund Balance End of Year</i>	\$2,103	\$2,103	\$3,546	\$1,443

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Levy Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$152,061	\$152,061	\$157,144	\$5,083
Intergovernmental	19,325	19,325	16,875	(2,450)
<i>Total Revenues</i>	171,386	171,386	174,019	2,633
Expenditures				
Current:				
Security of Persons and Property:				
Fire Levy				
Personal Services	170,800	170,800	170,800	0
Other	2,900	3,100	2,974	126
<i>Total Expenditures</i>	173,700	173,900	173,774	126
<i>Net Change in Fund Balance</i>	(2,314)	(2,514)	245	2,759
<i>Fund Balance Beginning of Year</i>	3,646	3,646	3,646	0
<i>Fund Balance End of Year</i>	\$1,332	\$1,132	\$3,891	\$2,759

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$23,700	\$23,700	\$22,965	(\$735)
Expenditures				
Current:				
Community Development:				
Litter Control				
Personal Services	42,200	42,650	42,650	0
Materials and Supplies	5,700	5,700	5,534	166
Purchased Services	2,278	2,278	1,434	844
<i>Total Expenditures</i>	50,178	50,628	49,618	1,010
<i>Excess of Revenues Under Expenditures</i>	(26,478)	(26,928)	(26,653)	275
Other Financing Sources				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	(1,478)	(1,928)	(1,653)	275
<i>Fund Balance Beginning of Year</i>	1,966	1,966	1,966	0
Prior Year Encumbrances Appropriated	1,278	1,278	1,278	0
<i>Fund Balance End of Year</i>	\$1,766	\$1,316	\$1,591	\$275

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Grant Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$13,752	\$13,752
Expenditures				
Current:				
Security of Persons and Property:				
DARE Grant				
Personal Services	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	13,752	13,752
<i>Fund Balance Beginning of Year</i>	1,480	1,480	1,480	0
<i>Fund Balance End of Year</i>	<u>\$1,480</u>	<u>\$1,480</u>	<u>\$15,232</u>	<u>\$13,752</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$30,200	\$30,200	\$29,946	(\$254)
Other	1,700	1,700	1,856	156
<i>Total Revenues</i>	31,900	31,900	31,802	(98)
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting				
Purchased Services	32,500	32,500	32,500	0
<i>Net Change in Fund Balance</i>	(600)	(600)	(698)	(98)
<i>Fund Balance Beginning of Year</i>	1,508	1,508	1,508	0
<i>Fund Balance End of Year</i>	\$908	\$908	\$810	(\$98)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Commission Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$300	\$300	\$763	\$463
Expenditures				
Current:				
Community Development:				
Tree Commission				
Materials and Supplies	600	600	100	500
Other	930	930	0	930
<i>Total Expenditures</i>	1,530	1,530	100	1,430
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,230)	(1,230)	663	1,893
Other Financing Sources				
Transfers In	750	750	750	0
<i>Net Change in Fund Balance</i>	(480)	(480)	1,413	1,893
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	480	480	480	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$1,893	\$1,893

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Demolition Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	255	255	255	0
<i>Fund Balance End of Year</i>	\$255	\$255	\$255	\$0

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Housing Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$10,000	\$10,000	\$14,357	\$4,357
Interest	2,000	2,000	8,158	6,158
<i>Total Revenues</i>	<u>12,000</u>	<u>12,000</u>	<u>22,515</u>	<u>10,515</u>
Expenditures				
Current:				
Public Health Services:				
Community Housing				
Contractual Services	7,000	7,000	1,156	5,844
Capital Outlay	10,000	10,000	6,387	3,613
Other	35,080	35,080	25,177	9,903
<i>Total Expenditures</i>	<u>52,080</u>	<u>52,080</u>	<u>32,720</u>	<u>19,360</u>
<i>Net Change in Fund Balance</i>	(40,080)	(40,080)	(10,205)	29,875
<i>Fund Balance Beginning of Year</i>	<u>163,859</u>	<u>163,859</u>	<u>163,859</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$123,779</u></u>	<u><u>\$123,779</u></u>	<u><u>\$153,654</u></u>	<u><u>\$29,875</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$23,500	\$23,500	\$25,125	\$1,625
Interest	3,000	3,000	11,303	8,303
<i>Total Revenues</i>	<u>26,500</u>	<u>26,500</u>	<u>36,428</u>	<u>9,928</u>
Expenditures				
Current:				
Community Development:				
Economic Development				
Contractual Services	9,000	9,000	4,121	4,879
Other	90,000	90,000	26,185	63,815
<i>Total Expenditures</i>	<u>99,000</u>	<u>99,000</u>	<u>30,306</u>	<u>68,694</u>
<i>Net Change in Fund Balance</i>	(72,500)	(72,500)	6,122	78,622
<i>Fund Balance Beginning of Year</i>	<u>240,929</u>	<u>240,929</u>	<u>240,929</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$168,429</u></u>	<u><u>\$168,429</u></u>	<u><u>\$247,051</u></u>	<u><u>\$78,622</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
CHIPS Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$257,730	\$294,730	\$222,729	(\$72,001)
Expenditures				
Current:				
Community Development:				
CHIPS				
Contractual Services	316,330	353,330	315,829	37,501
Purchased Services	56,685	56,685	27,179	29,506
<i>Total Expenditures</i>	373,015	410,015	343,008	67,007
<i>Net Change in Fund Balance</i>	(115,285)	(115,285)	(120,279)	(4,994)
<i>Fund Balance Beginning of Year</i>	5,494	5,494	5,494	0
Prior Year Encumbrances Appropriated	115,285	115,285	115,285	0
<i>Fund Balance End of Year</i>	\$5,494	\$5,494	\$500	(\$4,994)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ambulance Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$210,000	\$210,000	\$242,221	\$32,221
Contributions and Donations	9,000	9,000	22,515	13,515
Other	28,000	28,000	34,456	6,456
<i>Total Revenues</i>	247,000	247,000	299,192	52,192
Expenditures				
Current:				
Security of Persons and Property:				
Ambulance				
Personal Services	100,500	105,530	97,490	8,040
Materials and Supplies	49,578	51,978	39,418	12,560
Contractual Services	42,647	44,247	35,826	8,421
Purchased Services	73,583	73,583	62,699	10,884
Capital Outlay	22,000	36,000	27,798	8,202
<i>Total Expenditures</i>	288,308	311,338	263,231	48,107
<i>Net Change in Fund Balance</i>	(41,308)	(64,338)	35,961	100,299
<i>Fund Balance Beginning of Year</i>	292,256	292,256	292,256	0
Prior Year Encumbrances Appropriated	10,108	10,108	10,108	0
<i>Fund Balance End of Year</i>	\$261,056	\$238,026	\$338,325	\$100,299

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$25,500	\$25,500	\$25,376	(\$124)
Intergovernmental	14,868	14,868	38,790	23,922
Fees, Licenses and Permits	4,450	11,950	9,173	(2,777)
Rentals	31,500	31,500	32,750	1,250
Contributions and Donations	500	500	1,855	1,355
Other	250	250	67	(183)
<i>Total Revenues</i>	<i>77,068</i>	<i>84,568</i>	<i>108,011</i>	<i>23,443</i>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation				
Personal Services	9,100	13,400	10,521	2,879
Materials and Supplies	2,700	5,055	4,704	351
Contractual Services	260	260	254	6
Purchased Services	8,250	8,250	7,189	1,061
<i>Total Recreation</i>	<i>20,310</i>	<i>26,965</i>	<i>22,668</i>	<i>4,297</i>
Parks				
Personal Services	37,600	36,445	36,445	0
Materials and Supplies	4,116	4,116	3,527	589
Contractual Services	1,900	1,900	1,297	603
Purchased Services	12,521	12,521	11,255	1,266
Capital Outlay	16,468	19,103	11,574	7,529
<i>Total Parks</i>	<i>72,605</i>	<i>74,085</i>	<i>64,098</i>	<i>9,987</i>
<i>Total Expenditures</i>	<i>92,915</i>	<i>101,050</i>	<i>86,766</i>	<i>14,284</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(15,847)</i>	<i>(16,482)</i>	<i>21,245</i>	<i>37,727</i>
Other Financing Sources				
Transfers In	12,000	12,000	0	(12,000)
<i>Net Change in Fund Balance</i>	<i>(3,847)</i>	<i>(4,482)</i>	<i>21,245</i>	<i>25,727</i>
<i>Fund Balance Beginning of Year</i>	<i>4,167</i>	<i>4,167</i>	<i>4,167</i>	<i>0</i>
Prior Year Encumbrances Appropriated	337	337	337	0
<i>Fund Balance End of Year</i>	<i>\$657</i>	<i>\$22</i>	<i>\$25,749</i>	<i>\$25,727</i>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$158,735	\$158,735	\$163,172	\$4,437
Intergovernmental	21,890	21,890	25,192	3,302
<i>Total Revenues</i>	180,625	180,625	188,364	7,739
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension				
Personal Services	217,000	217,000	197,101	19,899
Other	4,500	4,500	3,184	1,316
<i>Total Expenditures</i>	221,500	221,500	200,285	21,215
<i>Net Change in Fund Balance</i>	(40,875)	(40,875)	(11,921)	28,954
<i>Fund Balance Beginning of Year</i>	71,544	71,544	71,544	0
<i>Fund Balance End of Year</i>	\$30,669	\$30,669	\$59,623	\$28,954

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$69,650	\$69,650	\$71,796	\$2,146
Intergovernmental	9,140	9,140	15,479	6,339
<i>Total Revenues</i>	78,790	78,790	87,275	8,485
Expenditures				
Current:				
Security of Persons and Property:				
Fire Pension				
Personal Services	177,000	177,000	166,898	10,102
Other	1,450	1,450	1,401	49
<i>Total Expenditures</i>	178,450	178,450	168,299	10,151
<i>Excess of Revenues Under Expenditures</i>	(99,660)	(99,660)	(81,024)	18,636
Other Financing Sources				
Transfers In	97,000	97,000	79,000	(18,000)
<i>Net Change in Fund Balance</i>	(2,660)	(2,660)	(2,024)	636
<i>Fund Balance Beginning of Year</i>	2,993	2,993	2,993	0
<i>Fund Balance End of Year</i>	\$333	\$333	\$969	\$636

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$170,000	\$170,000	\$174,779	\$4,779
Intergovernmental	75,800	75,800	55,800	(20,000)
<i>Total Revenues</i>	<u>245,800</u>	<u>245,800</u>	<u>230,579</u>	<u>(15,221)</u>
Expenditures				
Capital Outlay:				
Street Improvement				
Capital Outlay	170,000	170,000	169,967	33
Debt Service:				
Principal Retirement	200,000	200,000	200,000	0
Interest and Fiscal Charges	5,800	5,800	5,800	0
Total Debt Service	<u>205,800</u>	<u>205,800</u>	<u>205,800</u>	<u>0</u>
<i>Total Expenditures</i>	<u>375,800</u>	<u>375,800</u>	<u>375,767</u>	<u>33</u>
<i>Excess of Revenues Under Expenditures</i>	(130,000)	(130,000)	(145,188)	(15,188)
Other Financing Sources				
General Obligation Notes Issued	130,000	130,000	150,000	20,000
<i>Net Change in Fund Balance</i>	0	0	4,812	4,812
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$4,812</u>	<u>\$4,812</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,051	2,051	2,051	0
<i>Fund Balance End of Year</i>	<u>\$2,051</u>	<u>\$2,051</u>	<u>\$2,051</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Improvement Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$50,500	\$50,500	\$53,999	\$3,499
Expenditures				
Capital Outlay:				
Municipal Court Improvement				
Capital Outlay	51,749	51,749	37,571	14,178
<i>Net Change in Fund Balance</i>	(1,249)	(1,249)	16,428	17,677
<i>Fund Balance Beginning of Year</i>	153,736	153,736	153,736	0
Prior Year Encumbrances Appropriated	249	249	249	0
<i>Fund Balance End of Year</i>	<u>\$152,736</u>	<u>\$152,736</u>	<u>\$170,413</u>	<u>\$17,677</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fiscal Year 2004 Formula Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$153,700	\$166,920	\$166,920	\$0
Expenditures				
Capital Outlay:				
Fiscal Year 2004 Formula				
Capital Outlay	153,700	166,920	166,420	500
<i>Net Change in Fund Balance</i>	0	0	500	500
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$500	\$500

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	25,150	25,319	25,319	0
Expenditures				
Capital Outlay:				
FEMA Grant				
Capital Outlay	25,150	25,319	25,319	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$46,500	\$46,500	\$46,158	(\$342)
Expenditures				
Capital Outlay:				
Capital Improvement				
Capital Outlay	64,700	64,700	42,833	21,867
<i>Net Change in Fund Balance</i>	(18,200)	(18,200)	3,325	21,525
<i>Fund Balance Beginning of Year</i>	19,775	19,775	19,775	0
<i>Fund Balance End of Year</i>	<u>\$1,575</u>	<u>\$1,575</u>	<u>\$23,100</u>	<u>\$21,525</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$500	\$500	\$1,059	\$559
Expenses				
Contractual Services	800	800	90	710
<i>Net Change in Fund Equity</i>	(300)	(300)	969	1,269
<i>Fund Equity Beginning of Year</i>	29,667	29,667	29,667	0
<i>Fund Equity End of Year</i>	<u>\$29,367</u>	<u>\$29,367</u>	<u>\$30,636</u>	<u>\$1,269</u>

Statistical Section

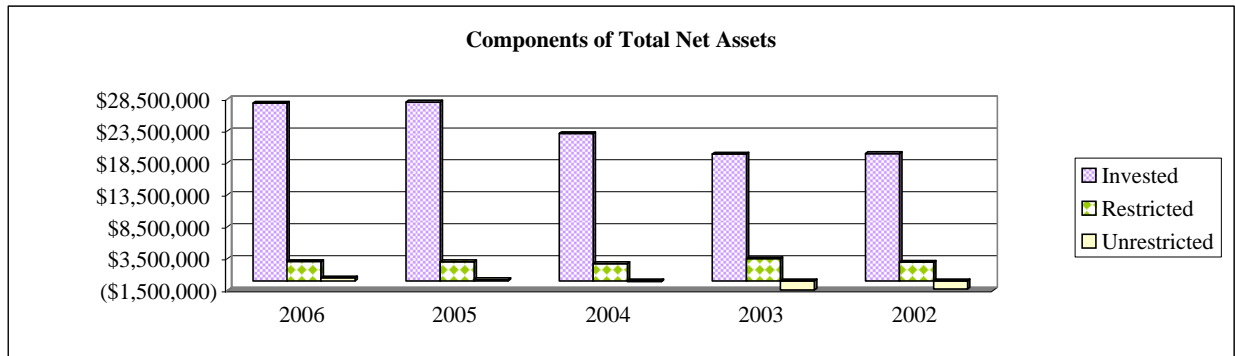
This part of the City of Conneaut, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S9</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S19</i>
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	<i>S20 – S26</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S27 – S29</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S30 – S35</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Conneaut, Ohio
Net Assets By Component
Last Five Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
Governmental Activities					
Invested in Capital Assets	\$17,359,101	\$17,803,818	\$13,885,124	\$14,369,780	\$14,187,443
Restricted:					
Capital Projects	300,157	153,012	165,563	440,452	389,896
Debt Service	924,154	1,064,561	978,890	1,723,937	1,259,673
Street Construction, Maintenance and Repair	355,363	499,673	427,146	0	0
Community Housing	153,734	163,939	102,376	0	0
Economic Development	494,102	483,025	476,127	0	0
Ambulance Services	348,878	313,409	288,155	0	0
Other Purposes	456,124	352,894	279,820	1,336,163	1,295,364
Unrestricted (Deficit)	204,442	(108,071)	(461,221)	(1,292,211)	(782,351)
<i>Total Governmental Activities Net Assets</i>	<u>20,596,055</u>	<u>20,726,260</u>	<u>16,141,980</u>	<u>16,578,121</u>	<u>16,350,025</u>
Business Type - Activities					
Invested in Capital Assets, Net of Related Debt	10,515,764	10,235,723	9,226,252	5,527,010	5,787,226
Unrestricted (Deficit)	283,302	326,986	347,250	(122,561)	(481,075)
<i>Total Business-Type Activities Net Assets</i>	<u>10,799,066</u>	<u>10,562,709</u>	<u>9,573,502</u>	<u>5,404,449</u>	<u>5,306,151</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	27,874,865	28,039,541	23,111,376	19,896,790	19,974,669
Restricted	3,032,512	3,030,513	2,718,077	3,500,552	2,944,933
Unrestricted (Deficit)	487,744	218,915	(113,971)	(1,414,772)	(1,263,426)
<i>Total Primary Government Net Assets</i>	<u>\$31,395,121</u>	<u>\$31,288,969</u>	<u>\$25,715,482</u>	<u>\$21,982,570</u>	<u>\$21,656,176</u>



Note: 2004 was the first year other purposes was further categorized.

City of Conneaut, Ohio
Changes in Net Assets
Last Four Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$186,469	\$177,001	\$219,503	\$173,490
Security of Persons and Property	453,497	442,365	420,384	419,527
Public Health Services	37,551	41,523	38,628	27,573
Leisure Time Activities	43,313	39,984	38,274	38,016
Community Development	55,708	59,353	58,627	54,662
Transportation	4,300	0	0	3,817
Subtotal - Charges for Services	<u>780,838</u>	<u>760,226</u>	<u>775,416</u>	<u>717,085</u>
Operating Grants and Contributions:				
General Government	6,995	6,721	7,216	10,310
Security of Persons and Property	48,451	21,894	29,577	19,143
Public Health Services	16,231	60,738	47,785	27,494
Leisure Time Activities	13,941	54,191	331	1,608
Community Development	249,202	326,568	388,570	237,914
Transportation	657,215	693,931	625,609	573,917
Subtotal - Operating Grants and Contributions	<u>992,035</u>	<u>1,164,043</u>	<u>1,099,088</u>	<u>870,386</u>
Capital Grants and Assessments:				
General Government	159,621	98,004	0	5,803
Security of Persons and Property	25,319	141,361	0	0
Public Health Services	0	23,767	0	0
Leisure Time Activities	0	596	0	0
Community Development	0	8,830	156,358	215,639
Transportation (1)	5,800	4,614,458	3,843,114	1,792
Subtotal - Capital Grants and Assessments	<u>190,740</u>	<u>4,887,016</u>	<u>3,999,472</u>	<u>223,234</u>
<i>Total Governmental Activities Program Revenues</i>	<u>1,963,613</u>	<u>6,811,285</u>	<u>5,873,976</u>	<u>1,810,705</u>
Business-Type Activities:				
Charges for Services:				
Water	1,785,302	1,802,540	1,842,561	1,604,060
Sewer	1,879,332	1,847,344	1,706,244	1,500,517
Operating Grants and Contributions				
Sewer	0	0	10,003	0
Capital Grants and Assessments				
Water	30,075	0	0	9,938
Sewer	10,615	504,342	0	137,903
<i>Total Business-Type Activities Program Revenues</i>	<u>3,705,324</u>	<u>4,154,226</u>	<u>3,558,808</u>	<u>3,252,418</u>
<i>Total Primary Government Program Revenues</i>	<u>\$5,668,937</u>	<u>\$10,965,511</u>	<u>\$9,432,784</u>	<u>\$5,063,123</u>

(continued)

City of Conneaut, Ohio
Changes in Net Assets (continued)
Last Four Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Expenses				
<i>Governmental Activities:</i>				
General Government	\$1,406,409	\$1,183,087	\$1,463,838	\$998,850
Security of Persons and Property	3,387,785	3,299,875	3,039,526	3,097,076
Public Health Services	374,896	355,171	320,256	353,790
Leisure Time Activities	94,657	94,950	92,522	100,480
Community Development	467,034	411,062	583,977	437,292
Basic Utility Services	32,500	32,500	32,500	0
Transportation	2,449,845	2,232,242	2,265,269	1,677,028
Interest and Fiscal Charges	195,947	191,188	229,363	259,709
<i>Total Governmental Activities Expenses</i>	<u>8,409,073</u>	<u>7,800,075</u>	<u>8,027,251</u>	<u>6,924,225</u>
<i>Business-Type Activities</i>				
Water	1,711,495	1,653,560	1,627,086	1,560,300
Sewer	1,802,037	1,517,578	1,400,021	1,622,502
<i>Total Business-Type Activities Expenses</i>	<u>3,513,532</u>	<u>3,171,138</u>	<u>3,027,107</u>	<u>3,182,802</u>
<i>Total Primary Government Program Expenses</i>	<u>11,922,605</u>	<u>10,971,213</u>	<u>11,054,358</u>	<u>10,107,027</u>
Net (Expense)/Revenue				
Governmental Activities	(6,445,460)	(988,790)	(2,153,275)	(5,113,520)
Business-Type Activities	191,792	983,088	531,701	69,616
<i>Total Primary Government Net Expense</i>	<u>(\$6,253,668)</u>	<u>(\$5,702)</u>	<u>(\$1,621,574)</u>	<u>(\$5,043,904)</u>

(continued)

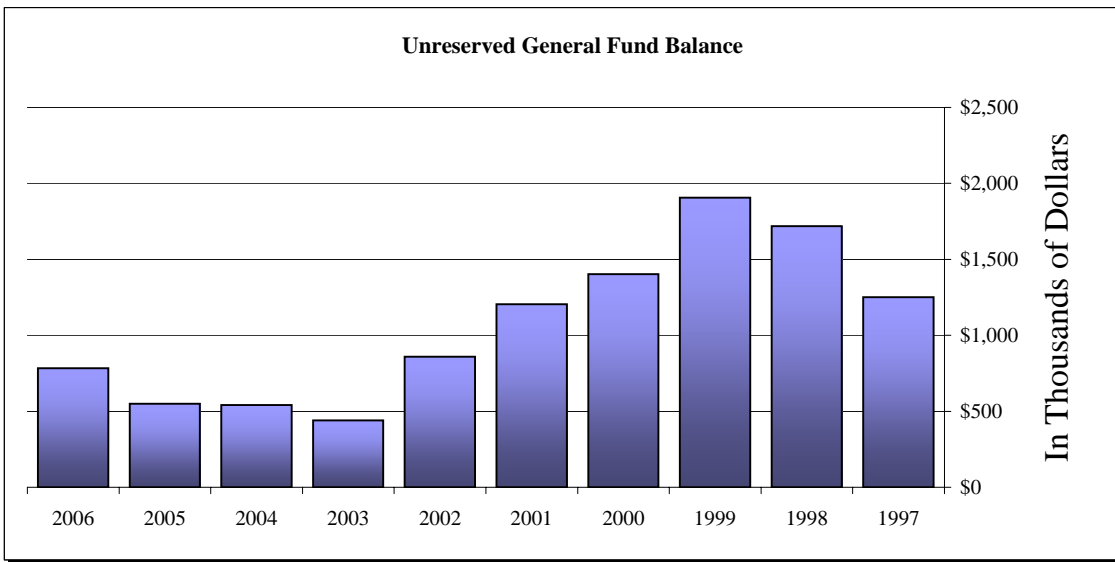
City of Conneaut, Ohio
Changes in Net Assets (continued)
Last Four Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property and Other Local Taxes Levied For:				
General Purposes	\$419,938	\$390,798	\$311,222	\$279,872
Debt Service	316,107	312,684	309,290	564,949
Other Purposes	721,649	666,808	719,660	552,003
Municipal Income Taxes levied for:				
General Purposes	2,015,340	2,035,114	1,960,666	1,948,508
Capital Outlay	309,969	47,183	45,457	45,174
Street Construction, Maintenance and Repair	839,298	847,493	816,488	0
Other Purposes	55,850	56,441	54,374	862,927
Grants and Entitlements not Restricted to				
Specific Programs	1,196,117	1,045,596	937,225	1,015,299
Investment Earnings	147,560	73,016	25,400	20,472
Gain on Sale of Capital Assets	0	3,593	0	8,277
Miscellaneous	293,427	94,344	170,568	55,158
Transfers	0	0	0	(11,023)
<i>Total Governmental Activities</i>	<u>6,315,255</u>	<u>5,573,070</u>	<u>5,350,350</u>	<u>5,341,616</u>
Business-Type Activities				
Miscellaneous	44,565	6,119	4,136	17,659
Transfers	0	0	0	11,023
<i>Total Business-Type Activities Expenses</i>	<u>44,565</u>	<u>6,119</u>	<u>4,136</u>	<u>28,682</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>6,359,820</u>	<u>5,579,189</u>	<u>5,354,486</u>	<u>5,370,298</u>
Change in Net Assets				
Governmental Activities	(130,205)	4,584,280	3,197,075	228,096
Business-Type Activities	236,357	989,207	535,837	98,298
<i>Total Primary Government Change in Net Assets</i>	<u>\$106,152</u>	<u>\$5,573,487</u>	<u>\$3,732,912</u>	<u>\$326,394</u>

(1) During 2005 and 2004, the State contributed 80 percent of the funding for the U.S. route 20 and State Rt. 7 paving projects.

City of Conneaut, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003
General Fund				
Reserved	\$31,333	\$37,837	\$18,093	\$37,759
Unreserved	783,991	549,024	541,313	440,468
Total General Fund	815,324	586,861	559,406	478,227
All Other Governmental Funds				
Reserved	347,586	335,390	318,871	357,704
Unreserved, Undesignated, Reported in:				
Special Revenue funds	1,216,277	1,122,472	880,223	697,461
Debt Service funds	799,830	812,744	823,267	1,019,542
Capital Projects funds	254,831	347,238	430,440	432,388
Total All Other Governmental Funds	2,618,524	2,617,844	2,452,801	2,507,095
Total Governmental Funds	\$3,433,848	\$3,204,705	\$3,012,207	\$2,985,322



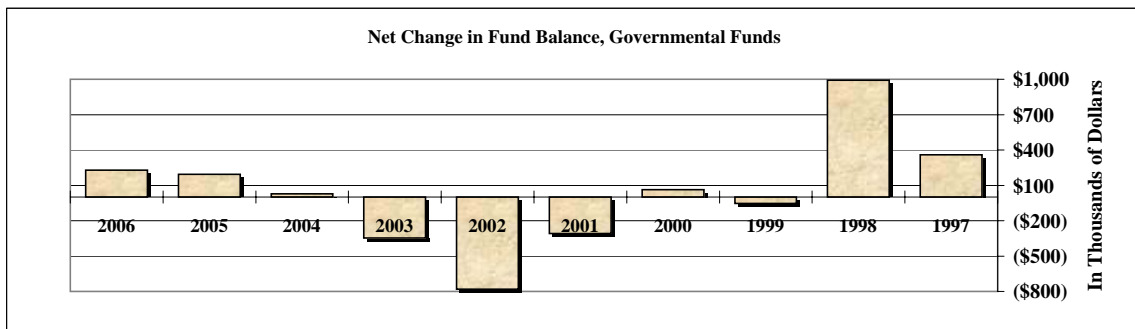
2002	2001	2000	1999	1998	1997
\$55,890	\$105,632	\$192,067	\$78,899	\$100,596	\$308,282
860,023	1,204,410	1,402,455	1,905,115	1,719,016	1,250,323
915,913	1,310,042	1,594,522	1,984,014	1,819,612	1,558,605
397,945	328,576	369,855	370,873	536,626	2,046,444
1,190,000	1,333,532	1,395,282	1,340,603	1,300,743	982,473
987,926	1,116,240	942,616	564,217	676,364	856,133
(160,321)	22,804	117,330	97,052	77,262	(2,024,126)
2,415,550	2,801,152	2,825,083	2,372,745	2,590,995	1,860,924
\$3,331,463	\$4,111,194	\$4,419,605	\$4,356,759	\$4,410,607	\$3,419,529

City of Conneaut, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
Revenues					
Property and Other Taxes	\$1,428,751	\$1,363,150	\$1,337,280	\$1,384,418	\$1,167,642
Municipal Income Taxes	3,134,220	2,943,847	2,923,195	2,853,586	2,915,116
Special Assessments	166,702	189,379	180,452	192,303	193,627
Intergovernmental	2,340,638	2,216,747	2,229,617	2,061,404	2,382,224
Fees, Licenses and Permits	240,568	220,080	215,398	203,354	160,328
Fines and Forfeitures	228,014	242,279	266,244	205,562	316,122
Rentals	49,750	50,300	48,175	50,650	53,700
Charges for Services	271,371	271,404	206,512	215,756	299,190
Contributions and Donations	46,641	31,183	31,101	21,796	15,693
Interest	147,560	73,016	25,400	20,472	49,366
Other	293,427	94,344	170,568	55,158	125,119
Total Revenues	8,347,642	7,695,729	7,633,942	7,264,459	7,678,127
Expenditures					
Current:					
General Government	1,279,596	1,151,220	1,327,360	933,160	1,229,947
Security of Persons and Property	3,330,567	3,237,997	2,956,531	2,893,422	3,157,782
Public Health Services	368,283	353,791	316,299	345,026	309,837
Leisure Time Activities	93,265	123,314	73,907	81,764	89,930
Community Development	473,387	405,487	526,196	419,650	435,169
Basic Utilities Services	32,500	32,500	32,500	0	0
Transportation	1,714,041	1,390,496	1,496,163	1,486,627	1,634,703
Capital Outlay	445,600	81,983	291,904	706,298	856,052
Debt Service:					
Principal Retirement	315,870	434,866	1,180,444	1,226,119	461,268
Principal Retirement - Current Refunding	90,500	0	0	0	0
Interest and Fiscal Charges	193,157	199,533	225,379	246,288	283,170
Total Expenditures	8,336,766	7,411,187	8,426,683	8,338,354	8,457,858
Excess of Revenues Over (Under) Expenditures	10,876	284,542	(792,741)	(1,073,895)	(779,731)
Other Financing Sources (Uses)					
Sale of Capital Assets	10,000	13,456	0	8,277	0
General Obligation Bonds Issued	0	0	0	0	0
General Obligation Notes Issued	297,000	387,500	788,000	730,500	0
OPWC Loans Issued	0	0	31,626	0	0
OWDA Loans Issued	0	0	0	0	0
Inception of Capital Lease	208,267	0	0	0	0
Current Refunding	(297,000)	(493,000)	0	0	0
Transfers In	104,750	143,406	279,950	312,411	314,800
Transfers Out	(104,750)	(143,406)	(279,950)	(323,434)	(314,800)
Total Other Financing Sources (Uses)	218,267	(92,044)	819,626	727,754	0
Net Change in Fund Balances	\$229,143	\$192,498	\$26,885	(\$346,141)	(\$779,731)

Debt Service as a Percentage of Noncapital Expenditures

8.0% 9.5% 20.9% 23.9% 10.9%



2001	2000	1999	1998	1997
\$1,505,844	\$1,748,186	\$1,536,820	\$1,501,115	\$1,612,008
2,478,260	2,825,034	2,779,711	2,631,855	2,509,253
281,762	116,085	114,308	113,106	316,766
2,097,717	2,090,096	2,005,315	2,266,540	2,018,696
255,063	151,922	76,188	93,650	121,808
300,675	293,085	328,439	191,115	193,072
55,450	85,575	40,200	36,525	41,550
231,127	236,494	257,771	239,782	249,148
0	0	0	0	0
184,173	304,892	216,299	286,626	319,760
349,235	170,625	168,331	270,761	162,243
<u>7,739,306</u>	<u>8,021,994</u>	<u>7,523,382</u>	<u>7,631,075</u>	<u>7,544,304</u>
1,030,226	911,328	788,472	802,038	811,851
3,007,278	2,855,072	2,780,219	2,694,068	2,318,538
208,721	187,764	168,570	163,426	161,339
82,593	75,854	55,688	140,380	57,929
609,272	201,486	513,106	453,055	204,396
137,159	115,150	123,259	124,532	116,736
1,591,213	1,524,804	1,663,097	1,550,185	1,107,726
559,806	1,491,760	416,543	1,784,722	1,497,801
493,541	610,537	596,901	489,404	483,615
0	0	0	0	0
345,733	326,766	442,676	325,864	374,818
<u>8,065,542</u>	<u>8,300,521</u>	<u>7,548,531</u>	<u>8,527,674</u>	<u>7,134,749</u>
<u>(326,236)</u>	<u>(278,527)</u>	<u>(25,149)</u>	<u>(896,599)</u>	<u>409,555</u>
1,825	49,275	16,052	1,610	17,772
0	0	0	2,062,874	100,000
0	0	0	0	0
0	0	0	0	0
16,000	295,090	0	0	0
0	0	0	0	0
0	0	0	0	0
455,906	473,326	410,645	452,285	405,255
<u>(455,906)</u>	<u>(476,318)</u>	<u>(455,396)</u>	<u>(629,092)</u>	<u>(573,977)</u>
<u>17,825</u>	<u>341,373</u>	<u>(28,699)</u>	<u>1,887,677</u>	<u>(50,950)</u>
<u>(\$308,411)</u>	<u>\$62,846</u>	<u>(\$53,848)</u>	<u>\$991,078</u>	<u>\$358,605</u>
12.6%	16.0%	17.1%	13.8%	18.0%

City of Conneaut, Ohio
Assessed Valuation and Estimated True Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2006	\$123,245,560	\$31,401,020	\$441,847,371	\$9,571,180	\$10,876,341
2005	122,461,990	32,194,020	441,874,314	9,628,160	10,941,091
2004	109,856,550	29,606,730	398,466,514	10,951,410	12,444,784
2003	109,067,100	29,429,220	395,703,771	11,255,570	12,790,420
2002	108,672,030	29,298,090	394,200,343	11,317,330	12,860,602
2001	89,226,340	24,606,000	325,235,257	9,291,890	10,558,966
2000	88,265,910	24,088,920	321,013,800	11,449,120	13,010,364
1999	87,248,500	22,271,210	312,913,457	12,173,790	13,833,852
1998	75,123,000	22,629,830	279,293,800	11,973,670	13,606,443
1997	74,480,060	21,437,800	274,051,029	12,183,270	13,844,625

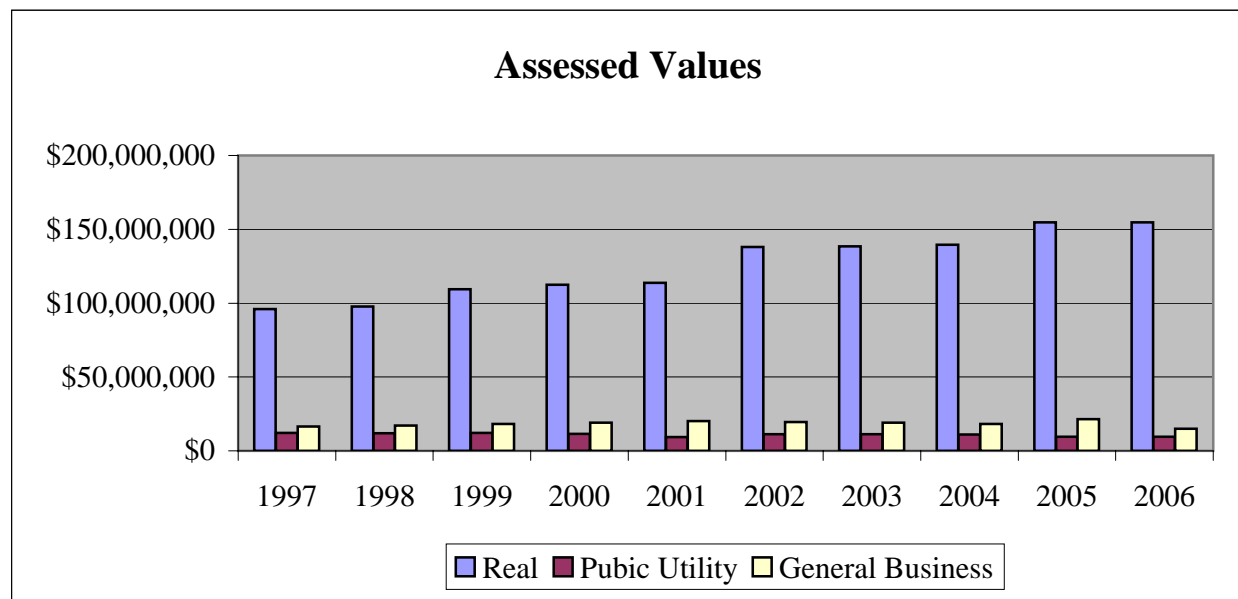
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Ashtabula County, Ohio; County Auditor

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$15,050,190	\$60,200,760	\$179,267,950	\$512,924,472	34.95%	\$8.07
21,491,570	85,966,280	185,775,740	538,781,685	34.48	9.37
18,222,780	72,891,120	168,637,470	483,802,418	34.86	9.37
19,020,650	76,082,600	168,772,540	484,576,791	34.83	9.48
19,503,980	78,015,920	168,791,430	485,076,865	34.80	9.49
20,105,970	80,423,880	143,230,200	416,218,103	34.41	11.99
18,973,930	75,895,720	142,777,880	409,919,884	34.83	11.91
18,300,360	73,201,440	139,993,860	399,948,749	35.00	13.35
17,094,050	68,376,200	126,820,550	361,276,443	35.10	12.14
16,373,918	65,495,672	124,475,048	353,391,326	35.22	12.73



City of Conneaut, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2006	2005	2004	2003	2002
Unvoted Millage					
Operating	\$2.19000	\$2.19000	\$1.79000	\$1.59000	\$1.59000
Fire Pension	0.44000	0.44000	0.44000	0.44000	0.44000
Police Pension	1.00000	1.00000	1.40000	1.40000	1.40000
Bond Sinking Fund	0.00000	0.00000	0.00000	0.20000	0.20000
Parks	0.00000	0.00000	0.00000	0.00000	0.00000
<i>Total Unvoted Millage</i>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>
Voted Millage - by levy					
1977 Bond	0.0000	0.0000	0.0000	1.0500	1.0500
1977 Police					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.6137	0.6137
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.7790	0.7790
General Business and Public Utility Personal	0.0000	0.0000	0.0000	2.0000	2.0000
1986 Bond	0.7400	0.9500	0.9500	1.0500	1.0500
1987 Park District					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1994 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1995 Library Bond	0.9300	1.0900	1.0900	1.2400	1.2400
1996 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1997 Park District					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
2000 Fire					
Residential/Agricultural Real	0.0000	0.8273	0.8273	0.8270	0.8270
Commercial/Industrial and Public Utility Real	0.0000	0.8491	0.8488	0.8472	0.8472
General Business and Public Utility Personal	0.0000	1.0000	1.0000	1.0000	1.0000
2003 Police Operating					
Residential/Agricultural Real	1.80700	2.00000	2.00000	0.00000	0.00000
Commercial/Industrial and Public Utility Real	1.90750	2.00000	2.00000	0.0000	0.0000
General Business and Public Utility Personal	2.00000	2.00000	2.00000	0.0000	0.0000

2001	2000	1999	1998	1997
\$1.59000	\$1.59000	\$1.59000	\$1.59000	\$1.59000
0.44000	0.44000	0.44000	0.44000	0.44000
1.40000	1.40000	1.40000	1.40000	1.40000
0.20000	0.20000	0.20000	0.20000	0.20000
0.15000	0.15000	0.15000	0.15000	0.15000
3.78000	3.78000	3.78000	3.78000	3.78000
1.3700	1.7000	1.7000	1.8000	2.6000
0.7419	0.7416	0.8490	0.8486	0.8475
0.9194	0.9185	0.9185	0.9173	0.8950
2.0000	2.0000	2.0000	2.0000	2.0000
1.4000	1.8000	1.8000	1.9000	2.0000
0.0000	0.0000	0.0000	0.0000	0.7166
0.0000	0.0000	0.0000	0.0000	0.7562
0.0000	0.0000	0.0000	0.0000	1.0000
0.0000	0.0000	1.1668	1.1662	1.1647
0.0000	0.0000	1.2903	1.2885	1.2572
0.0000	0.0000	1.5000	1.5000	1.5000
1.5700	2.0000	2.0000	2.1000	2.1000
0.0000	0.6794	0.7779	0.7774	0.7764
0.0000	0.8601	0.8602	0.8590	0.8382
0.0000	1.0000	1.0000	1.0000	1.0000
0.8651	0.8647	0.9900	0.9900	0.0000
0.9900	0.9899	0.9900	0.9900	0.0000
0.9900	0.9900	0.9900	0.9900	0.0000
1.0000	0.0000	0.0000	0.0000	0.0000
1.0000	0.0000	0.0000	0.0000	0.0000
1.0000	0.0000	0.0000	0.0000	0.0000
0.00000	0.00000	0.00000	0.00000	0.00000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000

(continued)

City of Conneaut, Ohio
Property Tax Rates - Direct and Overlapping Governments (continued)
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	2006	2005	2004	2003	2002
2005 Fire					
Residential/Agricultural Real	\$0.9035	\$0.8273	\$0.8273	\$0.8270	\$0.8270
Commercial/Industrial and Public Utility Real	0.9538	0.8491	0.8488	0.8472	0.8472
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
<i>Total Voted Millage by Type of Property</i>					
Residential/Agricultural Real	4.38050	5.69460	5.69460	5.60770	5.60770
Commercial/Industrial and Public Utility Real	4.53130	5.73820	5.73760	5.81340	5.81340
General Business and Public Utility Personal	4.67000	6.04000	6.04000	7.34000	7.34000
<i>Total Millage by Type of Property</i>					
Residential/Agricultural Real	\$8.01050	\$9.32460	\$9.32460	\$9.23770	\$9.23770
Commercial/Industrial and Public Utility Real	8.16130	9.36820	9.36760	9.44340	9.44340
General Business and Public Utility Personal	8.30000	9.67000	9.67000	10.97000	10.97000

Overlapping Rates by Taxing District

Conneaut City School District					
Residential/Agricultural Real	\$24.5371	\$26.0001	\$25.9999	\$25.9940	\$25.9940
Commercial/Industrial and Public Utility Real	24.6535	28.3117	28.3061	28.2686	28.2686
General Business and Public Utility Personal	37.6300	45.8300	45.8300	45.8300	45.8300
Ashtabula County					
Residential/Agricultural Real	8.4057	9.0059	9.0043	7.6712	7.6712
Commercial/Industrial and Public Utility Real	9.4488	9.8486	9.8242	8.4814	8.4814
General Business and Public Utility Personal	11.0300	11.0300	11.0300	9.7000	9.7000
Special Taxing Districts (1)					
Residential/Agricultural Real	3.4773	3.6199	3.6197	3.1184	3.1184
Commercial/Industrial and Public Utility Real	3.6471	3.8448	3.8353	3.3287	3.3287
General Business and Public Utility Personal	5.7500	5.7500	5.7500	5.2500	5.2500

Source: Ashtabula County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) Park District, Joint Vocational School

2001	2000	1999	1998	1997
\$1.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
1.0000	0.0000	0.0000	0.0000	0.0000
1.0000	0.0000	0.0000	0.0000	0.0000
7.94700	7.78570	9.28370	9.58220	10.20520
8.24940	8.26850	9.55900	9.85480	10.44660
9.33000	9.49000	10.99000	11.29000	12.20000
\$11.72700	\$11.56570	\$13.06370	\$13.36220	\$13.98520
12.02940	12.04850	13.33900	13.63480	14.22660
13.11000	13.27000	14.77000	15.07000	15.98000
27.1228	23.8502	26.2983	27.1875	27.1639
31.0717	27.9141	27.9154	28.7862	28.2726
45.8300	42.8400	42.8400	43.7400	43.7400
8.5833	7.5805	7.8252	7.8234	6.7003
9.4864	8.4853	8.2625	8.2596	7.5393
9.7000	8.7000	8.7000	8.7000	8.8400
2.1762	2.1760	2.3839	2.2216	2.2202
2.7205	2.7176	2.7180	2.6187	2.5981
4.1100	4.1100	4.1100	4.1100	4.1100

City of Conneaut, Ohio
Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2006	\$1,584,667	\$1,404,523	88.63 %	\$87,005	\$1,491,528
2005	1,462,087	1,431,518	97.91	56,018	1,487,536
2004	1,463,258	1,401,487	95.78	58,205	1,459,692
2003	1,682,851	1,437,095	85.40	60,626	1,497,721
2002	1,428,005	1,241,322	86.93	56,236	1,297,558
2001	1,566,273	1,395,931	89.12	42,731	1,438,662
2000	1,698,126	1,491,712	87.84	52,627	1,544,339
1999	1,728,564	1,519,218	87.89	50,769	1,569,987
1998	1,733,937	1,542,332	88.95	44,726	1,587,058
1997	1,882,492	1,640,787	87.16	63,292	1,704,079

Source: Ashtabula County, Ohio; County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
94.12 %	\$138,160	8.72 %
101.74	106,404	7.28
99.76	130,407	8.91
89.00	88,892	5.28
90.87	85,187	5.97
91.85	75,630	4.83
90.94	77,706	4.58
90.83	35,380	2.05
91.53	129,173	7.45
90.52	23,570	1.25

City of Conneaut, Ohio
Principal Real Property Taxpayers
2006 and 1997

<i>2006</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$3,781,800	2.45 %
Conneaut Telephone	3,407,440	2.20
Millwork Properties	1,902,140	1.23
Inn at the Lake	1,548,090	1.00
CSP of Ohio	1,392,060	0.90
Emster XV, LLC	1,267,550	0.82
Highland Place	1,034,680	0.67
Inn Conn Health	985,710	0.64
Union Railroad	828,250	0.54
GE Lighting	650,940	0.42
Total	\$16,798,660	10.87 %
Total Real Assessed Valuation	\$154,646,580	

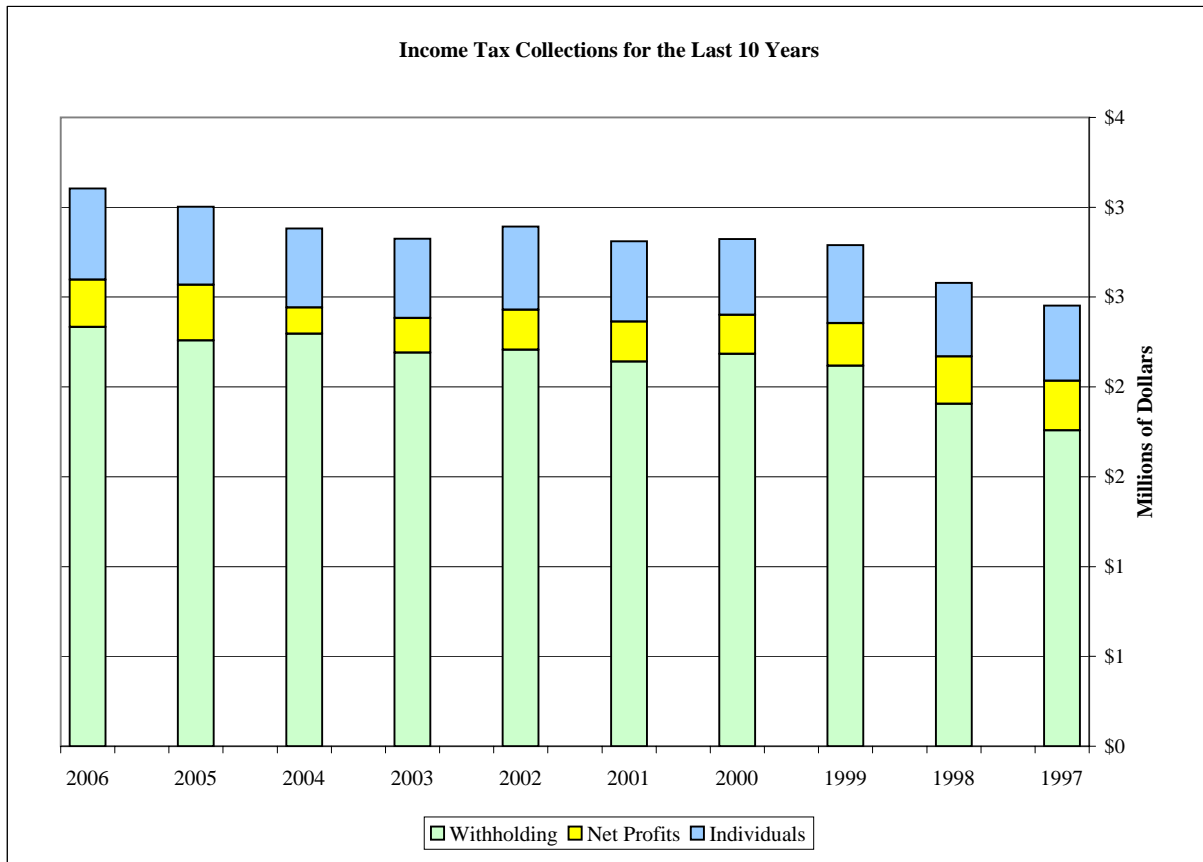
<i>1997</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$5,665,630	5.91 %
Conneaut Telephone	2,827,010	2.95
Cascade Ohio , Inc	1,381,540	1.44
Theresa Talarico	1,214,270	1.27
East Ohio Gas	1,155,670	1.20
Highland Place	980,580	1.02
Norfolk Southern Rail Road	974,520	1.02
Attitude Limited	869,920	0.91
Bessemer and Lake Erie Railroad	869,100	0.91
Venture-Bailey	795,840	0.83
Total	\$16,734,080	17.46 %
Total Real Assessed Valuation	\$95,917,860	

City of Conneaut, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2006	1.80%	\$3,103,824	\$2,333,543	75.18%	\$263,019	8.47%	\$507,252	16.34%
2005	1.65	3,002,703	2,258,747	75.22	308,814	10.28	435,241	14.49
2004	1.65	2,881,056	2,296,181	79.70	145,282	5.04	439,593	15.26
2003	1.65	2,825,316	2,190,711	77.54	193,293	6.84	441,312	15.62
2002	1.65	2,891,951	2,207,448	76.33	221,900	7.67	462,603	16.00
2001	1.65	2,811,397	2,140,404	76.13	223,122	7.94	447,871	15.93
2000	1.65	2,823,337	2,183,448	77.34	216,967	7.68	422,922	14.98
1999	1.65	2,790,121	2,117,190	75.88	236,660	8.48	436,271	15.64
1998	1.65	2,579,153	1,905,960	73.90	263,893	10.23	409,300	15.87
1997	1.65	2,453,262	1,757,893	71.66	275,498	11.23	419,871	17.11

(1) Cash Basis of Accounting

Note: The City is statutory and is prohibited from presenting individual taxpayers.



City of Conneaut, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities						
	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	Police and Fire Pension	Bond Anticipation Notes	Capital Leases
2006	\$1,760,000	\$0	\$1,332,998	\$29,254	\$0	\$807,500	\$201,148
2005	1,965,000	0	1,435,168	30,835	0	663,000	0
2004	2,170,000	0	1,539,243	31,626	0	788,000	0
2003	2,525,000	0	1,634,187	0	0	730,500	0
2002	2,880,000	0	1,713,717	0	0	0	0
2001	3,235,000	22,000	1,797,985	0	0	0	0
2000	3,595,000	43,000	1,960,356	0	0	0	0
1999	4,115,000	63,000	1,732,310	0	0	0	0
1998	4,637,000	82,000	1,602,586	0	121,114	0	0
1997	2,925,000	100,000	1,413,638	0	122,541	0	0

(1) Personal Income and Population Data are located on S28.

Business-Type Activities

General Obligation Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Capital Leases	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$810,000	\$5,402,913	\$464,225	\$20,000	\$68,570	\$10,896,608	5.94%	\$872.78
880,000	5,030,125	504,456	20,000	0	10,528,584	5.74	843.30
950,000	2,788,046	528,865	30,000	0	8,825,780	4.81	706.91
1,020,000	3,039,770	530,142	40,000	0	9,519,599	5.19	762.48
1,090,000	3,262,042	451,445	50,000	0	9,447,204	5.15	756.68
1,160,000	3,487,830	491,232	60,000	0	10,254,047	5.59	821.31
1,230,000	3,652,728	539,623	60,000	0	11,080,707	6.04	887.52
1,300,000	3,497,857	61,243	70,000	0	10,839,410	7.97	818.62
1,370,000	3,667,983	77,991	90,000	0	11,648,674	8.56	879.74
0	3,837,724	94,738	100,000	0	8,593,641	6.32	649.02

City of Conneaut, Ohio
*Ratio of General Obligation Bonded Debt to Estimated True Values
of Taxable Property and Bonded Debt Per Capita
Last Ten Years*

Year	Population (1)		Estimated True Values of Taxable Property (2)	Gross Bonded Debt	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2006	12,485	b	\$512,924,472	\$1,760,000	0.34%	\$140.97
2005	12,485	b	538,781,685	1,965,000	0.36	157.39
2004	12,485	b	483,802,418	2,170,000	0.45	173.81
2003	12,485	b	484,576,791	2,525,000	0.52	202.24
2002	12,485	b	485,076,865	2,880,000	0.59	230.68
2001	12,485	b	416,218,103	3,235,000	0.78	259.11
2000	12,485	b	409,919,884	3,595,000	0.88	287.95
1999	13,241	a	399,948,749	4,115,000	1.03	310.78
1998	13,241	a	361,276,443	4,637,000	1.28	350.20
1997	13,241	a	353,391,326	2,925,000	0.83	220.90

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Ashtabula County Auditor

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City of Conneaut, Ohio

Legal Debt Margin

Last Seven Years (1)

	2006	2005	2004
Total Assessed Property Value	<u>\$179,267,950</u>	<u>\$185,775,740</u>	<u>\$168,637,470</u>
General Bonded Debt Outstanding:			
General Obligation Bonds	\$2,570,000	\$2,845,000	\$3,120,000
Special Assessment Bonds	0	0	0
Bond Anticipation Notes	1,007,500	1,168,000	1,358,000
OPWC Loans	493,479	535,291	560,491
OWDA Loans	<u>6,735,911</u>	<u>6,465,293</u>	<u>4,327,289</u>
Total Gross Indebtedness	10,806,890	11,013,584	9,365,780
Less:			
Bond Anticipation Notes	(857,500)	(1,168,000)	(1,358,000)
Special Assessment Bonds	0	0	0
OWDA Loans	(6,735,911)	(6,465,293)	(4,327,289)
General Obligation Bond Retirement Fund Balance	<u>(568,788)</u>	<u>(548,375)</u>	<u>(529,397)</u>
Total Net Debt Applicable to Debt Limit	<u>2,644,691</u>	<u>2,831,916</u>	<u>3,151,094</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>18,823,135</u>	<u>19,506,453</u>	<u>17,706,934</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$16,178,444</u>	<u>\$16,674,537</u>	<u>\$14,555,840</u>
Legal Debt Margin as a Percentage of the Debt Limit	85.95%	85.48%	82.20%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$9,859,737</u>	<u>\$10,217,666</u>	<u>\$9,275,061</u>
Total Gross Indebtedness	10,806,890	11,013,584	9,365,780
Less:			
Bond Anticipation Notes	(857,500)	(1,168,000)	(1,358,000)
Special Assessment Bonds	0	0	0
OWDA Loans	(6,735,911)	(6,465,293)	(4,327,289)
General Obligation Bond Retirement Fund Balance	<u>(568,788)</u>	<u>(548,375)</u>	<u>(529,397)</u>
Net Debt Within 5 ½ % Limitations	<u>2,644,691</u>	<u>2,831,916</u>	<u>3,151,094</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,215,046</u>	<u>\$7,385,750</u>	<u>\$6,123,967</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	73.18%	72.28%	66.03%

Source: City Financial Records

(1) Information prior to 2000 was not available

2003	2002	2001	2000
<u>\$168,772,540</u>	<u>\$168,791,430</u>	<u>\$143,230,200</u>	<u>\$142,777,880</u>
\$3,545,000	\$3,970,000	\$4,395,000	\$4,825,000
0	0	22,000	43,000
1,390,500	2,067,000	1,190,000	1,379,000
530,142	451,445	491,232	539,623
<u>4,673,957</u>	<u>4,975,759</u>	<u>5,285,815</u>	<u>5,613,084</u>
10,139,599	11,464,204	11,384,047	12,399,707
(1,390,500)	(2,067,000)	(1,190,000)	(1,379,000)
0	0	(22,000)	(43,000)
(4,673,957)	(4,975,759)	(5,285,815)	(5,613,084)
<u>(691,568)</u>	<u>(649,469)</u>	<u>(1,477,897)</u>	<u>(721,881)</u>
<u>3,383,574</u>	<u>3,771,976</u>	<u>3,408,335</u>	<u>4,642,742</u>
<u>17,721,117</u>	<u>17,723,100</u>	<u>15,039,171</u>	<u>14,991,677</u>
<u>\$14,337,543</u>	<u>\$13,951,124</u>	<u>\$11,630,836</u>	<u>\$10,348,935</u>
80.91%	78.72%	77.34%	69.03%
<u>\$9,282,490</u>	<u>\$9,283,529</u>	<u>\$7,877,661</u>	<u>\$7,852,783</u>
10,139,599	11,464,204	11,384,047	12,399,707
(1,390,500)	(2,067,000)	(1,190,000)	(1,379,000)
0	0	(22,000)	(43,000)
(4,673,957)	(4,975,759)	(5,285,815)	(5,613,084)
<u>(691,568)</u>	<u>(649,469)</u>	<u>(1,477,897)</u>	<u>(721,881)</u>
<u>3,383,574</u>	<u>3,771,976</u>	<u>3,408,335</u>	<u>4,642,742</u>
<u>\$5,898,916</u>	<u>\$5,511,553</u>	<u>\$4,469,326</u>	<u>\$3,210,041</u>
63.55%	59.37%	56.73%	40.88%

City of Conneaut, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2006

Jurisdiction	Governmental Activities Debt	Percentage Applicable to City (1)	Amount Applicable to City of Conneaut
Direct			
General Obligation Bonds	\$1,760,000	100.00 %	\$1,760,000
Bond Anticipation Notes	807,500	100.00	807,500
OPWC Loans	29,254	100.00	29,254
OWDA Loans	1,332,998	100.00	1,332,998
Capital Leases	201,148	100.00	201,148
<i>Total Direct Debt</i>	<u>4,130,900</u>		<u>4,130,900</u>
Overlapping			
Ashtabula County			
General Obligation Bonds	6,372,231	9.83	626,390
Loans	45,000	9.83	4,424
Capital Leases	238,810	9.83	23,475
Conneaut City School District			
General Obligation Bonds	5,896,686	88.27	5,205,005
Loan	2,701	88.27	2,384
<i>Total Overlapping Debt</i>	<u>12,555,428</u>		<u>5,861,678</u>
Total	<u><u>\$16,686,328</u></u>		<u><u>\$9,992,578</u></u>

Source: Ashtabula County, Ohio; County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Conneaut, Ohio
Principal Employers
Current Year and Nine Years Ago

2006

Employer	Employees	Percentage of Total City Employment
Cascade Ohio	422	12.59%
Conneaut Schools	386	11.52
University Heights Hospital System	310	9.25
Management Training Corporation	258	7.70
City of Conneaut	202	6.03
General Aluminum	197	5.88
Lukjan Metal Products	192	5.73
CSP	113	3.37
G. E. Lighting	103	3.08
CN-P & C Dock	96	2.86
Total	<u>2,279</u>	<u>68.01%</u>
Total Employment within the City	<u>3,351</u>	

1997

Employer	Employees	Percentage of Total City Employment
Conneaut Schools	460	12.94%
General Aluminum	390	10.97
Venture Holdings	370	10.41
Cascade Ohio	366	10.30
Brown Memorial Hospital	288	8.10
City of Conneaut	214	6.02
Lukjan Metal Products	157	4.42
P & C Dock	130	3.66
Millennium Inorganic	59	1.66
General Electric	18	0.51
Total	<u>2,452</u>	<u>68.99%</u>
Total Employment within the City	<u>3,554</u>	

Source: Number of employees obtained from the W2's
from our Tax Department

City of Conneaut, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2006	12,485	\$183,566,955	\$14,703	\$31,717	38
2005	12,485	183,566,955	14,703	31,717	38
2004	12,485	183,566,955	14,703	31,717	38
2003	12,485	183,566,955	14,703	31,717	38
2002	12,485	183,566,955	14,703	31,717	38
2001	12,485	183,566,955	14,703	31,717	38
2000	12,485	183,566,955	14,703	31,717	38
1999	13,241	136,064,516	10,276	21,144	N/A
1998	13,241	136,064,516	10,276	21,144	N/A
1997	13,241	136,064,516	10,276	21,144	N/A

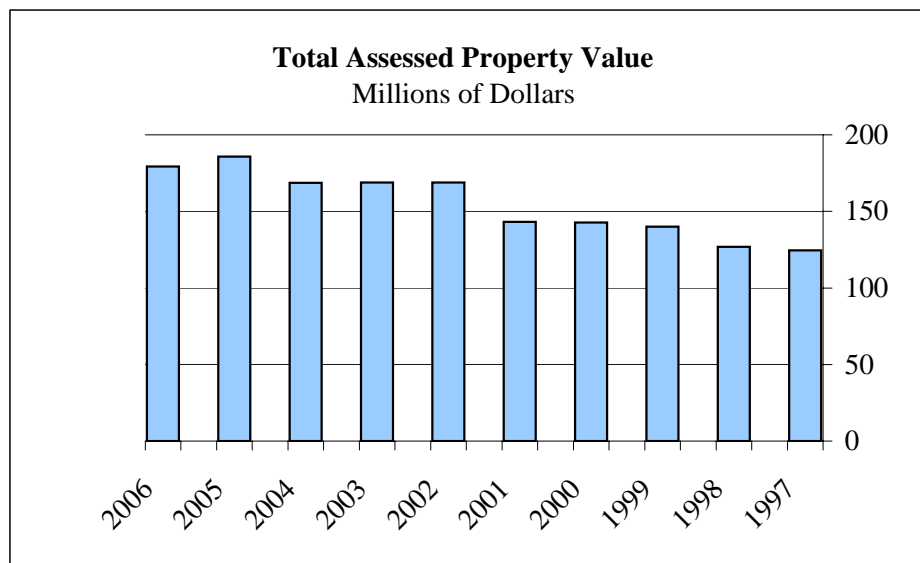
(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

(b) Years 1996 through 1999 - 1990 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(3) Computation of per capita personal income multiplied by population



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Ashtabula County Unemployment Rate	Average Sales Price of Residential Property	Total Assessed Property Value
9.9%	2,462	6.6%	\$67,929	\$179,267,950
9.9	2,508	7.2	72,549	185,775,740
9.9	2,547	7.3	69,336	168,637,470
9.9	2,547	8.1	74,034	168,772,540
9.9	2,528	8.1	64,925	168,791,430
9.9	2,585	7.2	69,060	143,230,200
9.9	2,608	5.5	61,341	142,777,880
6.4	2,607	5.7	55,095	139,993,860
6.4	2,637	6.3	44,390	126,820,550
6.4	2,676	6.2	48,361	124,475,048



City of Conneaut, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Four Years (1)

Function/Program	2006	2005	2004	2003
General Government				
Council	7.00	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00	1.00
City Manager	2.00	2.00	2.00	2.00
Finance	4.00	4.00	4.00	4.00
Law	2.50	2.50	2.50	2.50
Court	6.00	6.00	6.00	6.00
Public Building	1.00	1.00	1.00	1.00
Security of Persons and Property				
Police	20.00	20.00	21.00	20.00
Police - Dispatchers	4.00	4.00	4.00	4.00
Police - Jailers	2.00	2.00	2.00	2.00
Fire	12.00	12.00	12.00	12.00
Ambulance	5.00	5.00	5.00	5.00
Public Health Services				
Health	4.00	4.00	4.00	4.00
Cemetery	1.00	1.00	1.00	1.00
Leisure Time Activities				
Recreation	1.50	1.50	2.50	2.50
Community Environment				
Litter Control/Recycling	1.00	1.00	1.50	1.50
Housing/Zoning	1.00	1.00	1.00	1.00
Transportation				
Street/Public Works	19.00	19.00	20.00	21.00
Basic Utility Services				
Water	16.00	16.00	17.00	17.00
Sewer	12.00	12.00	12.00	13.00
Totals:	<u>122.00</u>	<u>122.00</u>	<u>126.50</u>	<u>127.50</u>

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2003 is not available

City of Conneaut, Ohio
Operating Indicators by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	119	103	113	71	107
Number of Resolutions Passed	11	14	15	25	14
<i>Finance Department</i>					
Number of checks/vouchers issued	1,480	4,028	4,057	4,261	4,349
Amount of checks written	\$13,826,892	\$14,585,601	\$12,809,304	\$12,324,078	\$12,784,149
Interest earnings for fiscal year (cash basis)	\$147,999	\$72,406	\$25,819	\$21,034	\$46,589
Number of Receipts issued	625	605	647	690	632
Number of Budget Adjustments issued	199	228	153	104	176
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	22.66%	27.08%	22.24%	15.81%	17.09%
General Fund Receipts (cash basis)	\$4,121,658	\$4,285,854	\$4,359,963	\$4,147,920	\$3,831,131
General Fund Expenditures (cash basis)	\$4,162,789	\$4,220,797	\$4,548,212	\$4,218,236	\$4,348,569
General Fund Cash Balances	\$634,371	\$475,564	\$410,507	\$598,756	\$612,777
<i>Income Tax Department</i>					
Number of Individual Returns	4,420	4,690	4,502	4,408	4,500
Number of Business Returns	442	549	527	516	528
Number of business withholding accounts	461	402	411	390	394
Amount of Penalties and Interest Collected	\$28,833	\$13,628	\$17,483	\$16,724	\$20,403
Annual number of Corporate withholding forms processed	2,036	2,188	2,214	2,228	2,228
Annual number of balance due statements forms processed	533	560	543	527	511
Annual number of estimated payment forms processed	134	130	126	122	119
Annual number of reconciliations of withholdings processed	461	402	411	390	394
<i>Engineer Contracted Services</i>					
Dollar amount of Construction overseen by Engineer	\$672,773	\$3,101,284	\$216,293	\$220,197	\$438,302
<i>Municipal Court</i>					
Number of Civil Cases	245	377	323	357	356
Number of Criminal cases	1,051	648	638	559	493
<i>Vital Statistics</i>					
Certificates Filed					
Number of Births	0	2	148	357	204
Number of Deaths	140	129	109	559	137
Certificates Issued					
Number of Births	754	641	854	768	853
Number of Deaths	673	643	662	505	611
Burial Permits Issued	170	163	161	166	180
<i>Civil Service</i>					
Number of police entry tests administered	0	1	0	1	0
Number of fire entry tests administered	0	0	1	0	1
Number of fire promotional tests administered	0	0	1	0	0
Number of promotions from police certified lists	2	0	0	0	0
Number of promotions from fire certified lists	0	0	1	0	0

(continued)

City of Conneaut, Ohio
Operating Indicators by Function/Program (continued)
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
<i>Building Department Indicators</i>					
<i>Construction Permits</i>					
Estimated Value of Construction	\$4,786,353	\$5,670,500	\$12,043,897	\$32,931,058	\$15,212,407
Number of permits issued	222	174	203	245	264
Amount of Revenue generated from permits	\$10,395	\$12,012	\$12,572	\$16,061	\$20,174
<i>Security of Persons and Property</i>					
<i>Police</i>					
Total Calls for Services	28,480	20,700	19,542	19,315	19,875
911 Calls Answered	4,700	4,000	3,315	3,300	3,250
Arrests/Citations	2,539	2,558	2,525	2,440	2,907
Community Policing Hours	6,042	4,872	5,875	6,371	4,822
DARE Graduates	0	250	225	275	280
Investigations	3,384	3,709	3,301	3,549	4,623
Jail Inmates	339	404	459	552	618
Vehicle Crashes	415	343	337	340	365
Prisoner costs	\$14,314	\$12,190	\$10,631	\$11,352	\$10,152
Gasoline costs of fleet	\$34,977	\$30,705	\$23,548	\$24,147	\$19,709
<i>Fire</i>					
EMS Calls	1,504	2,228	1,930	1,901	2,222
Fire Calls	130	120	136	92	104
Fires with Loss	34	22	35	25	23
Fires with Losses exceeding \$10K	9	6	5	7	9
Fire Losses \$	\$338,450	\$325,300	\$167,105	\$546,150	\$500,005
Fire Safety Inspections	190	90	105	110	130
Number of times Mutual Aid given to Fire and EMS	16	5	12	16	20
Number of times Mutual Aid received for Fire and EMS	30	10	10	12	15
<i>Public Health Services</i>					
Cemetery burials	59	50	52	44	54
Cemetery sale of lots	16	27	22	26	26
Cemetery receipts	\$29,180	\$32,552	\$32,449	\$30,333	\$34,496
<i>Leisure Time Activities</i>					
<i>Recreation</i>					
City Tax	\$25,375	\$26,123	\$25,065	\$24,581	\$25,160
Softball Fees	6,538	830	900	450	900
Facilities rentals	32,600	33,300	31,175	32,400	34,300
Total Recreation Department receipts	<u>\$64,513</u>	<u>\$60,253</u>	<u>\$57,140</u>	<u>\$57,431</u>	<u>\$60,360</u>

(continued)

City of Conneaut, Ohio
Operating Indicators by Function/Program (continued)
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
Transportation					
Street Improvements - asphalt overlay (linear feet)	23,940	55,940	3,700	21,950	39,750
Crackseal Coating Program (Miles)	18	20	20	15	10
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,360	864	768	672	576
Paint Striping (hours)	400	400	400	400	400
Street Sweeper (hours)	520	480	490	450	370
Cold Patch (hours)	880	900	1,020	1,180	1,120
Snow and Ice Removal regular hours	8,320	9,600	10,240	10,880	11,520
Snow and Ice Removal overtime hours	705	641	580	670	502
Storm Sewer Calls for Service - Sewer Jet Regular Hours	2,080	2,080	2,080	2,080	2,080
Sewer Crew (hours)	1,500	1,500	1,500	1,500	1,500
Landscaping Stump-Chipper service (hours)	120	130	90	120	100
Leaf collection (hours)	3,400	3,100	3,400	3,500	3,800
Holiday lights setup (hours)	16	16	16	16	16
Street/Traffic Signs (Hours)	240	240	240	240	240
Equipment repair/body shop (hours)	6,240	6,240	6,240	6,240	6,240
Number of Trees Planted per year	450	0	400	0	0
Tons of snow melting salt purchased (Nov-Mar)	1,475	1,000	1,350	1,400	1,700
Cost of salt purchased	\$54,058	\$44,304	\$42,655	\$36,291	\$54,152
Water Department					
Water Rates per 1st 2,000 gallons of water	\$14.94	\$14.37	\$13.82	\$13.82	\$11.18
Avg. number of water accounts billed monthly (Cubic Feet)	4,880	4,880	4,880	4,875	4,862
Total Water Collections Annually (Including Principal and Interest)	\$1,831,609	\$1,754,163	\$1,734,988	\$1,690,796	\$1,445,843
Wastewater Department					
Wastewater Rates per 1st 300 Cubic feet of water used	\$15.22	\$13.98	\$12.84	\$12.47	\$11.64
Total flow of wastewater treatment plant (Billions of Gallons)	0.918	0.916	0.927	0.954	0.750
Average daily flow (Millions of gallons per day)	2.516	2.515	2.539	2.608	2.476
Tons of dry sludge removed	295.78	599.16	452.42	364.00	250.82

(1) Information prior to 2002 is not available

City of Conneaut, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2006	2005	2004	2003
General Government				
Square Footage Occupied	11,580	11,580	11,580	11,580
Inspection Vehicles	1	1	1	1
Police				
Stations	1	1	1	1
Square Footage Occupied	8,944	8,944	8,944	8,944
Vehicles	20	20	22	19
Fire				
Stations	3	3	3	3
Square Footage Occupied	14,880	14,880	14,880	14,880
Vehicles	10	10	10	10
Recreation				
Number of Parks	5	5	5	5
Number of Tennis Courts	2	2	2	2
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	2	2	2	2
Square Footage Occupied	1,790	1,790	1,790	1,790
Vehicles	2	2	2	2
Other Public Works				
Streets (lane miles)	565	565	565	564
Service Vehicles	22	22	23	23
Wastewater				
Sanitary Sewers (miles)	60.00	60.00	60.00	60.00
Storm Sewers (miles)	35.00	35.00	35.00	35.00
Water Department				
Water Lines (miles)	91	91	91	91
Vehicles	9	9	9	9

2002	2001	2000	1999	1998	1997
11,580	11,580	11,580	11,580	11,580	11,580
1	1	1	1	1	1
1	1	1	1	1	1
8,944	8,944	8,944	8,944	8,944	8,944
21	20	20	19	18	17
3	3	3	3	3	3
14,880	14,880	14,880	14,880	14,880	14,880
10	10	11	9	9	9
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2	2	2	2
1,790	1,790	1,790	1,790	1,790	1,790
2	2	2	2	2	2
564	564	564	564	564	564
23	22	22	21	21	19
60.00	60.00	57.50	57.50	55.50	53.00
35.00	35.00	35.00	35.00	35.00	35.00
91	91	91	91	89	89
10	10	10	10	9	9



Mary Taylor, CPA
Auditor of State

CITY OF CONNEAUT

ASHTABULA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2007**